Industrial and Labor Relations Review

VOLUME I : NUMBER 1

OCTOBER 1947

*

ONE DOLLAR A COPY * THREE DOLLARS A YEAR

INDUSTRIAL AND LABOR RELATIONS REVIEW

New York State School of Industrial and Labor Relations
Cornell University, Ithaca, N. Y., M. P. Catherwood, *Dean*

EDITORIAL BOARD

Milton R. Konvitz, *Editor*

Leonard P. Adams
Chairman

Victor Reynolds
Managing Editor

Vernon H. Jensen
John W. McConnell
Jean T. McKelvey
Royal E. Montgomery
J. E. Morton
Maurice F. Neufeld
N. Arnold Tolles
Bertram F. Willcox

The Editorial Board invites the submission of articles, discussions, research reports, correspondence, conference and other news items, and reviews of books and documents. Address manuscripts and other matters involving editorial policy to: The Editor, Industrial and Labor Relations Review, Cornell University, Ithaca, New York.

The INDUSTRIAL AND LABOR RELATIONS REVIEW is published quarterly in October, January, April, and July. Annual subscription is $3.00; single issues are $1.00. Make checks payable to order of Industrial and Labor Relations Review and send to: Cornell University Press, 124 Roberts Place, Ithaca, New York.

Copyright, 1947, by Cornell University.

Application pending for entry as second-class matter at Ithaca, New York.

Industrial and Labor Relations Review

VOLUME 1, NUMBER 1, OCTOBER 1947

Foreword — *Edmund E. Day* — 2

ARTICLES

The University and Labor Education — *Edwin E. Witte* — 3
Labor and American Foreign Policy — *David A. Morse* — 18
Management Efficiency and Collective Bargaining — *Florence Peterson* — 29
Labor's Interest: A Management View — *D. C. Prince* — 50
Needed: A Cycle Policy — *Alvin H. Hansen* — 60
Unions, Government, and Politics — *Jack Barbash* — 66
Measuring the Fatigue Factor — *William Gomberg* — 80

DISCUSSIONS AND COMMUNICATIONS

The Murray Report on Small Business — *Charles A. Welsh* — 94
An Educational Program for Unions — *Edward L. Bernays* — 103

DOCUMENTS

Report to the Governor of Massachusetts on Labor-Management Relations — *Sumner H. Slichter* et al. — 110
A Round Table Fund for Labor-Management Education — *Charles Luckman* — 128
Is an Industrial Relations Consultant Engaged in Unauthorized Practice of Law? A Court Opinion — *John O. Bigelow* — 130

RECENT PUBLICATIONS — *J. Gormly Miller* — 135

REVIEWS

Labor Education in Universities: A Study of University Programs, by Caroline F. Ware. Reviewed by Arthur A. Elder — 150
Capitalism, Socialism and Democracy, by Joseph A. Schumpeter. Reviewed by Eli Ginzberg — 152
Labor Problems, by W. V. Owen. Reviewed by Emanuel Stein — 158
Job Evaluation, by Forrest Hayden Johnson, Robert W. Boise, Jr., and Dudley Pratt. Reviewed by Robert Tilove — 160
Systematic Motion and Time Study, by Marvin E. Mundel. Reviewed by R. Presgrave — 162
German Labor Courts, by Frieda Wunderlich. Reviewed by Philip Taft — 163

NEWS AND NOTES — 166

FOREWORD

THE establishment of the *Industrial and Labor Relations Review* is a logical extension of the function which higher education is assuming in the area of labor-management relations. Thorough and unbiased investigation, objective analysis, and calm discussion by responsible authorities serve an especially useful purpose when applied to controversial problems of great importance to society.

I have high hopes for this new journal. Though sponsored by Cornell University, it will be national in scope and comprehensive in its range of interests. It will, I trust, enjoy the co-operation and support of our colleagues in other colleges and universities and of the leaders of labor and industry. There is a great opportunity here for enlightened and effective public service, and I am confident that the publication will measure up to its responsibilities.

EDMUND E. DAY*

*President, Cornell University

THE UNIVERSITY AND LABOR EDUCATION

EDWIN E. WITTE*

LABOR EDUCATION is a term of at least two meanings. In a narrow sense it is identical with "workers' education." Caroline Ware in her excellent little book, *Labor Education in Universities*,[1] declared the purpose of labor education, in this sense, to be "to enable workers to understand their experience, their problems and the issues of the day, and to equip them to function effectively as union members and as citizens." But the term properly also can be used more broadly to include not only workers' education but all teaching and research dealing with industrial relations and the problems growing out of the employment contract. Labor education in this sense is concerned not only with the education of workers "to equip them to function effectively as union members and citizens," but to acquaint students, whatever homes they may come from and whatever work they may be preparing themselves to undertake, with the labor problems of today. This includes technical training for a limited number of university students to qualify them for specialized positions with unions, management, and the government in dealing with labor and labor relations problems. More important still is less specialized education to give all university students and as many adults as are interested some appreciation and understanding of labor problems. Such education seeks not to train labor specialists, but to prepare students to deal more intelligently with the labor problems, both as citizens and in their own vocations. Within this broad concept of labor education also are research and writing, to bring to light successful and unsuccessful experience in dealing with labor relations and related problems and to discover underlying forces and trends, all with a view to the improvement of existing conditions.

* Chairman, Economics Department, University of Wisconsin; public member, NWLB, 1944–1945; author of *The Government in Labor Disputes*. The substance of this paper was read before the University Labor Education Conference, Washington, D. C., May 28, 1947.

[1 See review of this book by Arthur A. Elder in this issue.—EDITOR]

THE IMPORTANCE OF LABOR EDUCATION

That labor education in the broad sense of the term is a proper function of the university, few will question. Labor problems are among the most pressing of all the domestic problems of this country. They enter quite importantly even into international relations and the preservation of world peace. Nor are they of merely passing concern. They have long been in the headlines and, in one form or another, are likely to continue to occasion much concern. With increasing industrialization and urbanization, labor problems tend ever to become more important. Already success in business depends fully as much upon the way labor relations matters are handled as upon financing, marketing, and technical efficiency. This is an age in which ability to lead men counts for at least as much as ability to muster and combine capital. From the public point of view — which is that of the university — labor problems are vital, because workers constitute the largest element in our population and labor difficulties quite often are a menace to the entire economy.

Quite naturally, many people, not themselves workers, long for a solution of the labor problem. They would like to see this problem solved once and for all. So they seek a magic formula which will avoid labor troubles for all time to come. Many see the solution in legislation which will restrict strikes and curb or at least regulate the unions. But world experience has demonstrated that the solution of labor-management difficulties does not lie in law. In the long run, restrictive legislation has always operated to increase strikes. Government has an important function to perform in setting minimum standards to govern employment conditions and can be of valuable assistance to labor unions and management in helping them to find an acceptable solution of their disagreements. But government cannot insure industrial peace and still less bring about the willing co-operation upon which depends the proper functioning of our economy of free enterprise.

Satisfactory labor relations cannot be decreed or legislated. They must be developed within the shop and between the parties themselves. To that end a sympathetic understanding of the other fellow's problems and, above all, an earnest desire to get along are vital. To bring about such a result, the public can be helpful by remaining calm when the newspapers run scare headlines about another labor crisis and by always insisting that labor and management must find a solution for their difficulties.

An attitude on the part of labor, management, and the public which will minimize industrial strife can be hoped for only if there is under-

standing and tolerance. It is here where labor education fits in. Its primary function is to foster understanding and to promote the discovery and dissemination of truth. The university, seeking ever to safeguard democracy, needs must concern itself with a subject which is as vital to a continuance of our democracy as are our labor problems. The labor problem is as ancient as the hills and will never be solved. What the natural scientists, so far, have been able to do with the atom has been, mainly, to smash it, not to put it to use. Man is much more complex than is the atom, and our knowledge of man as a social being is not nearly as far advanced as is our knowledge of matter. But while education is not a magic formula which will solve all labor problems, by promoting understanding it should be helpful in gradually bringing about improvement and progress. It has been said that educators exert their greatest influence upon the next generation rather than in current affairs. But though this be true — and like most sayings, this is only a half-truth — we need ever to be reminded that our democracy is enduring and that true progress is generally slow and often imperceptible at a given moment.

Labor education in the universities along the broad lines outlined is of benefit alike to management, labor, and the public. Management draws heavily upon the universities for its technical and executive personnel. Most of the university-trained men who go into industry will have something to do with labor, at least some time during their careers. Generally, the more they know about labor, the more valuable they will be to management. In saying this I am aware that many managers distrust the labor education offered in universities and prefer to teach their subordinates their own brand of labor economics. But this is an attitude entirely out of keeping with the progressive spirit of American industry. It is just as nonsensical for management to try to isolate its future subordinates and replacements from knowledge of what others are thinking and doing about labor relations, as it is to pay no attention to technical improvements made outside of the particular company. Moreover, it is quite impossible to keep students from being contaminated by knowledge about things in which they are interested. It is on campuses where the least attention is given to labor education that radicalism is most rampant.

Similarly, labor has often been suspicious of university labor education, broadly defined, or at best quite indifferent about it. But it is to labor's interest that prospective business and professional men, and still more the future executives of industry, should understand the aspirations of labor and its problems. The advertisements which unions are now inserting in the newspapers to present their side of the case on controversial

issues indicate that at long last labor appreciates its dependence upon public understanding and good will. By the same token, labor needs to raise its vision and take an interest not only in educating workers to be better union members, but in giving all-out support for labor education in all university programs.

Neither labor nor management should expect the universities to become propaganda agencies for their respective points of view. The universities become untrue to their ideal of seeking and disseminating truth by becoming propagandists for either side. On subjects as controversial as are many of the issues in labor relations, views held by the best-informed specialists will often differ. The universities cannot give the answers to many of the problems presented. By fearlessly presenting the facts as impartially as they can, and by analyzing issues even if they cannot answer them, university men teaching labor economics can make an important contribution toward the better understanding which is vital to improved labor relations.

TRENDS IN UNIVERSITY LABOR EDUCATION

Labor education (still using the term in its broader meaning of education concerning labor) had its beginnings in the universities many years ago but has made great advances recently. Labor figured in every part of the political economy of free enterprise which Adam Smith developed in his *Wealth of Nations,* written in the year of the Declaration of Independence. Many of his observations on labor problems are still very pertinent and are recommended reading for all who believe labor difficulties to be of recent origin or that labor is solely responsible for strikes. Every subsequent writer of general treatises on economics has assigned labor a prominent role in his discussion and in every major part of the subject. Labor received attention in the universities from the day political economy was first recognized as a subject of instruction, and even earlier when it was still a part of philosophy.

Separate courses in labor developed in many of the larger universities before the turn of the century. The first, and to date the foremost, economist who devoted his major attention to labor was the late Professor John R. Commons. In his courses at Wisconsin he trained many of the academic labor economists of the present day as well as a large percentage of the top civil servants concerned with labor problems. He first told his students to look and observe, and conducted field studies to find out what was on the worker's mind. He centered his consideration of labor questions in the labor movement and developed the philosophy of collective bargain-

ing, distinct from Marxism. He organized the American Association for Labor Legislation, which, under the leadership of the late Dr. John B. Andrews, became a potent factor in the development of labor legislation and in the promotion of social security. He carried through the largest project of co-operative research in labor ever executed, in the monumental *History of Labor in the United States* and the earlier ten-volume *Documentary History*. He also was the godfather of the Wisconsin Summer School for Workers, the oldest and largest of the university-sponsored programs of workers' education. But Commons was only the leader among a considerable number of academicians who devoted their lives to the study of labor – Hoxie and Millis at Chicago, and Barnett at Johns Hopkins, to mention only three of the foremost among a group of pioneers, of whom only Millis is still living.

Interest in labor in universities has grown quite steadily for several decades. There are more members of the American Economic Association who list labor as their major field of interest than any other. Yet until recently but few even of the largest universities had more than one member of their permanent faculty working in labor. The four professors in this field at Wisconsin were the maximum.

The most significant developments of the last half dozen years in university labor education can be discussed under the increase in the number of students, professors, and courses; the development of work in labor in many university departments besides economics; the establishment, at many institutions, of labor relations institutes; and the increased attention devoted to workers' education.

Since the war ended, university enrollments have risen to more than 50 per cent above the prewar peak. Practically everywhere enrollment in economics is now increasing more rapidly than the total university enrollment. No courses in economics are more popular than those in labor. This development was foreshadowed in the questionnaire which the Armed Forces Institute, whose headquarters are in Madison, submitted in 1944 to the half million men and women serving with the colors who were then taking correspondence work through the Institute, regarding the educational program they wished to pursue after release from the service. The answers to this questionnaire revealed that industrial relations ranked below only engineering and accounting in the choices of the service men and women who were thinking of a college education. This great interest in labor relations appears to be continuing – at least enrollments in labor courses are still increasing by leaps and bounds.

This great interest in labor relations reflects above all else that the

veterans and other present-day students are keenly alive to current problems and want to make their contribution to their solution. Entering into the matter also is a belief that there is a large field for employment in labor relations. Veterans are vocationally minded, overanxious to get into good earnings in the least possible time in a field that they think they will like. This is manifested, particularly, in the large enrollments in personnel management courses, and also in a belief that there are far more opportunities in research positions with labor unions and government than actually exist.

In the exaggerated vocational expectations of many of the students enrolled in labor courses lies the major danger connected with the greatly increased enrollments in these courses. There are opportunities for professional employment in labor relations in industry, organized labor, and government. The many special lines of work which exist in this field have been well set forth in a recent publication of the Minnesota Industrial Relations Center. But there is nowhere in sight anywhere near the number of jobs which the students now enrolled are hoping to find in labor relations. Universities which encourage students to believe that they will get jobs in labor relations will have to limit enrollments strictly or risk discredit when they cannot fulfill the implied promises.

Training for a professional career in labor relations or labor research has its proper place in the universities. It is my belief that even this training should not be too specialized. It should, of course, include the technical, but in large part it calls for broad education in fundamentals, which are no less useful for a career in this field than in many other vocations. A statistician or accountant with a labor union must above all else know statistics or accounting, the basic methods and principles of which are the same whether utilized in the service of an employer, a labor union, a co-operative, or the government. It is also my view that the biggest job the universities have to do in resident labor instruction is not the training of specialists, but to give all students an appreciation of the problems confronting labor and some acquaintance with the best thought and practices in labor-management relations. It is more important that the hundreds of thousands of engineers, business students, and law students we are now educating learn something about labor than that we train the small number of specialists for whom jobs can now be found in the labor field — although both have their place in university labor education.

The realization of this need, plus, in some institutions, a desire to have labor problems presented by others than the supposed radical "labor economists," has been one factor in the spread of courses dealing with

aspects of labor relations to many other departments besides economics. In part, also, this development has resulted from a recognition that other disciplines have contributions to make to an understanding of labor relations problems. This has been accentuated by the peculiar attitude of many present-day economists to rule out of economics everything not concerned directly with price, value, and full employment. They have not yet ruled out the largest single group within their ranks, the so-called "labor economists," whose approach has always been that of the earlier economists – of dealing with problems in their entirety without reference to the college disciplines into which they may fall. The suspicion – I almost said contempt – with which many of the people working in labor have been regarded by even their own colleagues in other branches of economics, however, prevented the expansion of work in labor in economics departments, which to some degree might have checked the spread of labor courses all over the campus. I believe also, however, that in the main this development was a result of the ever-increasing interest in labor relations problems and a belief by specialists outside of economics departments that they had something to contribute toward the solution of these problems.

I also believe that this development has been wholesome, although it has confronted many universities with the problem of trying now to coordinate their widely scattered courses into something like a unified program of labor education. No single college discipline can encompass all that should be known about labor relations. Each group when it first takes up work in this field believes that it has the clue to the solution of all labor problems and is, blissfully, ignorant of all work done by others who have had another approach. The most recent entrants, the industrial sociologists, or a majority of them, appear not yet to have discovered the labor union, or at least have not integrated it into their theories – which may account for their present great popularity with managements which hope that the unions may be only a passing phenomenon. But I welcome the work the industrial sociologists are doing and all recruits from other college disciplines who are tackling labor relations problems. That there is still much to be learned is very clear from the difficulties we have been having with labor relations in many industries, although other industries have gotten along without any trouble. It is through fearless winnowing and sifting alone that we can hope to discover the truth, and through new approaches we may make real progress.

But clearly there is need also for pulling together the widely scattered courses dealing with labor relations and closely related subjects. At Wis-

consin, such courses are now given not only in the Department of Economics, where work in labor began, but also in the Department of Psychology and in the Department of Sociology and Anthropology in the College of Letters and Science, the Law School, the School of Commerce, the College of Education, the College of Engineering, the School for Workers, and the Extension Division, in addition to which we have a number of courses offered jointly by several departments. In some universities there is an even wider distribution. For the best work of which they are capable, people who work in any aspect of labor relations should know thoroughly what is being done by others on the same campus and through them should become familiar with the contributions which are being made by the disciplines to which those others belong.

The need for co-ordination in the widely scattered labor courses which have developed on so many campuses was one factor accounting for the rapid increase in labor relations institutes connected with universities. Another was the realization by legislatures and trustees that labor relations problems are among the major domestic issues which our country must solve. In some cases, this was merely a feeling that something must be done for labor; in others, a hope that something might be done to labor, not by strong-arm tactics but in getting the workers to think "right." Most frequently, the labor relations institutes were proposed by forward-looking individuals who genuinely were interested not in propaganda but in the truth, and who hoped thereby to facilitate the discovery and dissemination of knowledge which would contribute to improved labor relations. Finally there was the factor of "keeping up with the Joneses," from which universities are not immune.

The new labor relations institutes are in many respects similar to the Labor Relations Section which has functioned at Princeton for twenty-five years and which since then has been copied (with some variations) at California Tech, Michigan, Massachusetts Tech, and Queens in Canada. They vary considerably in their organizational setup, their financing, and the work they are doing or contemplate doing. Many, if not most, of the new labor relations institutes (and they have varying names) have a more ambitious program than the one J. Douglas Brown has so long and successfully conducted at Princeton. They contemplate conferences like the Princeton Conferences, only more of them. Most of them give but few resident courses of their own and but few a special degree or certificate. But all, or nearly all, attempt to bring together the offerings to resident students in a unified program and promote new courses where there are gaps. Most of them also contemplate off-campus instruction for labor and

management, either separately or jointly. It is perhaps in relation to research that the institutes have the most ambitious programs. If in their enthusiasm some of the people connected with the institutes have talked as though research in labor relations is something brand new, this reflects the high hopes the institutes have aroused, rather than crass ignorance or a conscious attempt to belittle what others have done.

In line with the attitude I take toward other recent developments in university labor education, I regard the establishment of the labor relations institutes as an important step forward. I am myself the chairman of a Coordinating and Planning Committee on Labor Relations appointed pursuant to a resolution of our Board of Regents, which will probably recommend the establishment of a Labor Relations Center at Wisconsin.[2] While there is some froth in the labor relations institutes, they have real substance. Most hopeful is the fact that all of them appear to have sound and imaginative leadership. Even so, some are likely to prove a "flop"; more will function long and most usefully. Labor relations institutes established for propaganda purposes will fail of their purpose if they are, in fact, conducted "to set labor right." Propaganda has no proper place in university labor education, whether it be designed to serve one side or the other. The labor relations institutes must serve truth, not a cause; educate, not propagandize. Fortunately this has been realized by those who are running the institutes, even where the original promoters had other concepts.

All in all, while still very young (except for the Princeton and other older labor relations sections), the labor relations institutes appear to be off to a good start. I wish them "Godspeed," but emphasize that the institutes are not all there is to university labor education. Many universities will not be able to undertake such ambitious programs as have been developed by the well-financed institutes. Universities can do notable work in labor education without establishing a labor relations institute. The expensive field research studies which some of the institutes are planning, while most useful, are not the only research that is worth while. Much less expensive library studies and less elaborate field studies can still be carried on very fruitfully. I believe, too, that some of the most valuable analyses and studies will continue to be made by others than paid employees of the labor relations institutes — professors and students working on labor relations problems because they wish to understand them and without the fanfare of much publicity. But the labor relations institutes very distinctly

[2 See communication by Professor Witte regarding this committee in the *News and Notes* section in this issue.— EDITOR]

represent an important forward line of development in university labor education.

THE UNIVERSITIES AND WORKERS' EDUCATION

I have thus far said nothing about workers' education and intend to deal with this subject only briefly. That workers' education is an educational service which the universities should render is fairly obvious. The labor unions now have a membership of 15,000,000 Americans — approximately one half of all production and clerical workers in industries in which unions make a serious attempt to organize all such workers. Of all organizations concerned with economic matters, they have by far the largest constituency. Clearly such a large group of citizens are entitled to get service from the universities on the same basis as are other groups in our society. This means the educational service they want, provided that what they want is the truth and the universities are left free from union or other outside dictation in their teaching.

Long before the New Deal, the labor unions were recognized in American law not only as lawful organizations but as socially useful organizations. While restrictions upon unions are now under consideration in Congress,[3] the most extreme of the pending measures does not fundamentally alter the status of the unions. Even if the Congressional proposals become law, it will still be the American policy to protect labor's right of self-organization and to encourage collective bargaining. This being the situation, it follows that unions are entitled to the educational services of the universities, particularly the tax-supported institutions, no less than the bankers, the trade associations, the co-operatives, and other business and agricultural organizations.

Increasingly, the labor unions are seeking educational services from the universities. While many unions maintain their own educational departments, they also call upon the universities for services. There is still much suspicion on both sides. The universities and their governing boards are, properly, concerned lest they be utilized as propaganda agencies by the unions. The unions often distrust the disinterestedness of university instruction. But that it is possible to get over these suspicions and to carry forward a valuable workers' education program, the Summer School for Workers at the University of Wisconsin has clearly demonstrated, in twenty years of continuous operation. Other workers' education classes and institutes conducted by universities of more recent origin have proved

[3 This article was written shortly before passage of the Labor-Management Relations Act, 1947.— EDITOR]

no less satisfactory both to the universities and the unions. On the other hand, many workers' educational programs have been discontinued or at this time face serious difficulties.

Although its beginnings in this country date back nearly a quarter century and in England forty years, university workers' education is still distinctly experimental. Many questions regarding the most effective way of conducting workers' education classes and institutes under university auspices will have to await further experience for definite answer. This is why the recommendation seems to me to be sound which was made in Caroline Ware's study on *Labor Education in Universities*, that "experimentation in types of programs should be continued and extended."

I have never professionally been engaged in workers' education. My connection with it has been primarily a short and interrupted service on a governing board. So I cannot be at all positive about the impressions I have tentatively formed on some problems which seem to me to confront the universities in conducting workers' education programs. But during the past year I have had to explain and defend university workers' education on numerous occasions to well-meaning people in positions of authority who are inclined to be skeptical about it. Not all of these people, by any means, are hostile to labor unions: some, at least, strongly believe in unions; but all of them have doubts about certain aspects of workers' education as we have developed it at Wisconsin. What these doubts have been and my views on these subjects may be of some interest to you, although my views are based upon limited observations only and I do not claim them to be profound.

The first basic doubt concerns the propriety of tax-supported universities engaging in union education at all. Skeptics who express this doubt distinguish between workers' education conducted for all workers and workers' education conducted under contracts with unions and with enrollments limited to union members. They do not accept the answer often given that universities spend large amounts of money in preparing students for careers in industry and agriculture. Correctly, they point out that colleges of business and agriculture do not make agreements with business and farm organizations as to what they shall teach or limit enrollments to students selected by these organizations. But they overlook what is being done by universities by way of conferences, institutes, and adult education classes. Not only at Wisconsin but at other universities, numerous programs are conducted under arrangements made with business and farm organizations and many have enrollments limited to people from these organizations or selected by them. There is just as valid a reason for

institutes and adult education classes for union stewards and bargaining committee members as there is for bankers' institutes, foremen's classes, conferences of personnel men, the officers of co-operatives, and the like. All are legitimate and a proper function of universities. In this day and age of associated effort in all lines and in the country in which there are more organizations than in any other, it is not only proper but desirable that universities should serve educationally any legitimate organization which seeks their service.

While this has always been my answer to critics, I am of the opinion that much opposition to workers' education conducted by universities can be avoided if institutes and classes are open to anyone who wishes to enroll. Where programs are conducted under arrangements made with unions, few, if any, outsiders will wish to enroll. Should such outsiders come in, they will not destroy the value of the program, if they conduct themselves in an orderly manner, as must be insisted upon. Still more important is it not to exclude the occasional visitor who wants to know what is going on, least of all the feared critic. Public education cannot flourish in secret sessions and behind closed doors, and all appearance that workers' education is thus conducted needs to be guarded against.

Next is the question whether labor and management representatives should be kept apart or brought together. A plausible case can be made for the position that, since a basic purpose in all labor education is the development of understanding and tolerance, labor and management should be brought together on all possible occasions. My colleague, Selig Perlman, answers this position by analogy with sex education. While most people believe in sex education in our public schools, it is not the best procedure to conduct such education in mixed classes of boys and girls, at least for beginners. My feeling is that we need more experimentation with both types of classes in workers' education. A good test is what sort of classes are wanted by the workers expected to enroll and the unions which are promoting these classes. I am satisfied that universities should undertake to bring leaders of labor and management together for conferences to discuss problems in which both are interested. Whether at lower levels there should be mixed groups is much more doubtful. Either mixed management-labor classes or separate labor and management classes seem to me legitimate, and I would like to see experimentation with both types. But the classes must draw students to be of any value, which means that universities should set them up as the clientele wants them to be organized.

Related to this issue of joint labor-management education is the ob-

jection that management has not been consulted on workers' education. This objection, it seems to me, fails to take account of the distinction between labor education in the sense of workers' education and labor education in the broader meaning of the term. Management, of course, should be consulted about all types of business and management education. It also should be consulted on joint labor-management conferences and institutes, either separately or jointly with labor. But I believe it to be a grave mistake for management to insist upon representation on governing or even advisory boards concerned with workers' education. University workers' education is an educational service for unions and union members. For management to insist that it be accorded a voice in the control of this type of adult education will expose it to the charge that it seeks to control the unions and their activities. This will look like an attempt to revive the company-dominated union. Such a development will lead to resentments on the part of labor and will place management itself in a false position before the public. It is not that there is anything about workers' education that needs to be kept from management. But it is no more appropriate that management should have a voice in the control of workers' education than that labor should share in the control of institutes and classes for foremen, personnel managers, and business executives. No one who has demanded that management be given a place on the governing or advisory boards concerned with workers' education has yet raised his voice to place labor on boards concerned with management education, and no university has put labor on such boards. When management really thinks through the implications of insistence on representation on boards concerned with workers' education, I feel sure that it will not press such a demand.

Another doubt of well-meaning but skeptical people in authority that I have encountered concerns courses to be taught, their content, and the persons who should teach these courses. On this point, it is clear that the university cannot teach falsehoods or propaganda. But as subjects to be taught it is equally clear that any adult education program can succeed only if it offers the subjects that are wanted by the students, since attendance is wholly voluntary. It is proper for the people who conduct workers' education institutes or classes to consult with the unions interested in them regarding the programs to be offered; and if no mutually agreeable program can be worked out, it is best to drop the project. The conduct of classes, the content of lectures, and the selection of instructors must be left exclusively to the universities. They are in the strongest position when they select the faculty from their own staff, but I regard it as legitimate

to utilize members of educational departments of unions where necessary, provided that the university makes the selection. For the university to surrender control of the selection of the instructors, the content of courses, or the conduct of classes will bring criticism upon the university and wreck any university workers' education program.

A final criticism I want to comment upon is one which applies exclusively to state universities. In Wisconsin this centered around the fact that a large percentage of the students enrolled in the institutes conducted by our Summer School for Workers are nonresidents. I regard the narrow provincialism which this criticism reveals as most unfortunate. No state can possibly thrive if it tries to maintain a Chinese wall around it. But in these days of crowded facilities this is a natural line of attack and one which has much popular appeal. Nor can this criticism be met to complete satisfaction merely by pointing out that institutes and conferences for other groups generally are not restricted to residents. It can be fully met only if it can be shown that workers' education institutes serve many residents; to that end off-campus classes become very necessary. Still more important is it that the workers' education program must have the vigorous support of the unions of the state. Without it, no state university can hope to operate a workers' education program, however much it may be applauded by international unions and outsiders.

CONCLUSION

In conclusion, I can only reiterate my strong conviction that labor education in all its aspects is one of the most important responsibilities of the present-day university.

Disagreement and strife over the distribution of the joint product of labor and capital is inevitable, but it must be kept within limits which will not destroy our democracy. To that end, management, labor, and the public all must act in realization that production is today a co-operative effort and that everyone interested therein must be enabled to live and prosper, under conditions which preserve human worth and dignity. Such a vitally needed attitude does not develop automatically and cannot be brought about by legislation. It can be developed only through long-continued, mutually satisfactory dealings between labor and management, but education can make a contribution through imparting understanding and cultivating an attitude favorable to harmonious relationships. More than anywhere else this needs to be carried on at the university level, as the universities get, just before they enter upon their life's work, the men and women who will be the leaders ere long; and the universities also are

best equipped to conduct adult education programs and the research, which are as vital to social progress as they are to industrial progress. Effort and money expended upon labor education have promise of a return greater than almost any other expenditures.

A complete labor education program for a university worthy of the name includes research, resident instruction, and workers' education and other forms of adult education. Of these, workers' education is, in many respects, the most difficult but as important as any other. The university's responsibilities for workers' education are very clear, but what they can and should do in this field depends very largely upon what labor wants and expects. It can be soundly developed only through co-operation between the universities and organized labor with guidance afforded by such an agency as the United States Department of Labor. Unless that Department is enabled to adequately provide that guidance, the development of workers' education will be seriously retarded. But whether temporarily retarded or not, workers' education has a great future in this country, because it serves a vital need.

LABOR AND AMERICAN FOREIGN POLICY

DAVID A. MORSE*

FOREIGN POLICY is no longer merely a matter of personal relationships between heads of states or foreign ministers. Foreign policy is no longer merely a matter of political policy. Because the economies of the various countries of the world are becoming increasingly more integrated and interdependent and because of closer communication between nations, foreign policy is today also a matter of economic and social policy. This is why our foreign policy cannot be formulated exclusively by the experts in diplomatic foreign relations. It must be set on a Government-wide base which takes into account the views and recommendations of those who are concerned with the economic and social fields.

In the past, people have blithely assumed that America's domestic and foreign policies were separate and distinct matters. Today there is wide recognition of the interrelationship of domestic and foreign policies. There is appreciation of the impact of domestic and foreign policies on each other. Now there must be consideration of international consequences of proposed domestic policies; and there must be appraisal of domestic results when foreign policy is formulated.

Thus, for example, economy in government is no longer merely a matter of domestic policy. It has far-reaching international implications. Funds necessary to allow our country adequately to fulfill its responsibilities as one of the occupying powers in various occupied areas are a vital part of our foreign policy. Dissemination to other countries of information regarding the United States is part of our investment in peace. And funds for the servicing of our international commitments under the United Nations and its specialized agencies must be provided in the budgets for the various executive departments.

Perhaps no question is more a matter of immediate national and international concern than whether the United States will have a recession

* Under Secretary of Labor, Washington, D. C.; U.S. government representative on the Governing Body of the International Labor Office.

or depression. This is generally the first question asked by any person from a foreign country. They recall 1929 and the effects on their own economies. They are fully aware of the wide variations in the amount of American exports and imports. They sincerely hope our present tremendous production will continue; and they are worried about our ability to continue it. They want to know what measures we have taken or are prepared to take with respect to full employment, social security, taxation, fiscal policy, and public works for the purpose of bringing the greatest possible stability to our economy. They realize clearly that there would be at least three major consequences of a depression in the United States: first of all, the United States would be unable to offer economic support to war-devastated and other countries in need of assistance; secondly, the only hope of many European countries for re-establishing a reasonable standard of living would be completely shattered; and, finally, an American depression would undermine the whole international economic program which revolves around the International Bank, the Fund, and the proposed International Trade Organization.

Our domestic and foreign policies are thus interdependent. This is why the United States Department of Labor is playing an increasingly important part in matters affecting foreign affairs.

Since 1934, as a result of this country's joining the International Labor Organization, the Department of Labor has played a definite and recognized role in molding and developing this country's foreign economic and social relations. Consequently, the interest and activity of the Department in international labor, economic, and social affairs are not new. They have, however, expanded recently in scope to keep pace with the expanding participation of our government in international affairs.

The International Labor Organization came into existence in 1919 because the nations of the world recognized that "peace can be established only if it is based upon social justice"; that "the failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own countries." The interdependence of countries in the social and economic fields was recognized by the ILO when, as a part of the Declaration of Philadelphia adopted in 1944, it declared: "Poverty anywhere constitutes a danger to prosperity everywhere." That the International Labor Organization was one of the few international governmental organizations which survived the Second World War is clear evidence of the soundness of the organization and of the fact that it meets a basic international need.

The ILO is tripartite in character. Each member nation may send to

its major conferences two representatives of the government and a representative each from employer and labor organizations. One of the two United States Government representatives comes from the Department of Labor; and it is the responsibility of the Department of Labor to select the conference representatives for nomination to the President by the Secretary of State. Thus, at the recent conference in Geneva the Government representatives were Senator Elbert D. Thomas of Utah and the Assistant Secretary of Labor (with Congressman Augustine B. Kelley of Pennsylvania as alternate). Mr. J. David Zellerbach represented the employers of the United States and Mr. Robert J. Watt, of the American Federation of Labor, represented the workers.

The five major items on the agenda of the Geneva Conference were (1) freedom of association and industrial relations; (2) labor inspection services; (3) minimum standards of social policy in non-self-governing territories; (4) employment service organization; and (5) the examination and discussion of reports on the application of Conventions. At the June, 1947, conference in Geneva the major topics for discussion were the final adoption of Conventions involving social policy in non-self-governing territories and possible Conventions or Recommendations involving labor inspection services and employment service organization.

The Conventions which these major conferences adopt are, in effect, international labor treaties setting minimum labor standards which become binding after ratification by the individual member nations. The conferences also adopt what are termed "Recommendations" on economic and social policies that constitute guideposts for the various nations so far as national legislation is concerned.

Largely because the International Labor Conference, at which such Conventions and Recommendations are adopted, meets but once a year, the ILO has recently set up special machinery for dealing with particular broad industries whose problems are international in scope. Although a Joint Maritime Commission for the shipping industry has been operating for about as long a time as the ILO itself, there had been no extension of the idea to other fields. In January, 1945, however, the ILO Governing Body authorized the establishment of international industrial committees in seven fields: inland transport, textiles, coal mining, iron and steel production, the metal trades, petroleum production and refining, and building, civil engineering, and public works. The committees are tripartite in character and are limited in membership to those countries which have a special concern in the industry.

The importance of such international consideration of the particular

problems of specific industries should be readily apparent. For example, the textile industry in the United States was particularly affected by international development before the Second World War. Other countries had growing textile industries whose products were competing with American products in world markets. The low wages and poor working conditions in some of these countries were of direct concern to the textile employers and workers of the United States. Since our textile exports help to achieve prosperity and full employment for our textile industry, the low wages and substandard working conditions in certain countries have a direct effect on the industry. Efficient operations and a high degree of mechanization have their limitations in meeting the competition for world markets. Hence the tremendous importance to the United States – to say nothing of the workers in countries having substandard working conditions – of raising labor standards in this industry on an international basis.

The first textile conference, held in Brussels last fall, did preparatory work looking toward the adoption of a Convention in this field. There was an unusual amount of agreement as to what the international basic standards for this industry should be. A program for gathering the data by the International Labor Office was laid out in order that the committee, possibly at its next meeting, can come out with specific recommendations relating to problems of the industry.

Although the United States has participated in all International Labor Conferences and committee meetings since it joined the organization in 1934, we have so far ratified only five of the eighty ILO Conventions adopted by 1946. And these five have dealt with one industry – the maritime industry. Our Government, employer, and worker delegates have unanimously supported many Conventions on a tripartite basis, and yet there has been failure on our part to ratify them.

There are several explanations for this failure. The first is that many of the Conventions are, partly or totally, within the competence of the States or the Territories, rather than being the exclusive province of the Federal Government. Consequently, the United States – and other nations having the federal form of government – were unable to act with respect to certain Conventions. This difficulty has just been removed by an amendment to the ILO Constitution which obligates the United States and other federal governments to refer these Conventions and Recommendations to their States and Territories, and to report back to the ILO what standards exist and what steps are being taken to bring these non-federal standards in line with the Conventions.

The second reason for failure to ratify is not constitutional. It results from our assumption that we exceed world standards in all respects and need not take any action. Despite the fact that our Territorial, State, and Federal standards are in many instances higher than those embodied in ILO Conventions, there are still a number of important respects in which our statutory standards are below the ILO standards. For example, in the fields of protection of working children, hours of work, and workmen's compensation our legal standards fall far below those set by the ILO Conventions – many of which have been ratified by a substantial number of countries.

These facts underscore the task facing industry, labor, and Government representatives, as well as the representatives of other interested groups, in order to obtain legislative action that will bring our Territorial, State, and Federal laws into line with the ILO Conventions. It is true that our practice is better in many cases than our legal protection would indicate, but that is all the more reason why we should – and probably could without too much trouble – raise our legal standards.

Although the ILO work of the Department of Labor is thus of increasing scope and responsibility, the Department's concern in international affairs is far broader than this. The United Nations Charter, to which the United States has adhered, obliges us and all other member nations, among other things, "to promote social progress and better standards of life in larger freedom, *and for these ends* to practice tolerance and live together in peace with one another as good neighbors, and...to employ international machinery for the promotion of the economic and social advancement of all peoples..." (italics added).

The Charter provides specifically for some of this international machinery in that it creates such bodies as the Economic and Social Council and the Trusteeship Council. The Labor Department has been especially concerned with the work of the Economic and Social Council, which is specifically charged with carrying out the responsibilities assumed by the United Nations in Article 55 of the Charter. The Council is the direct initiating, co-ordinating, and advisory body for the United Nations on international economic and social matters. Its work has not been as spectacular as the work of the Security Council, where there have been disagreements between delegates, but its accomplishments have been many, varied, and of far-reaching nature in assuring the long-term objective of the United Nations to promote a world in which the causes of international friction are minimized or eliminated. The political conflicts among nations often have their roots in deep-seated economic and social

problems, and the Council's job is to study these problems, with the cooperation of the specialized intergovernmental agencies, and try to obtain their solution.

Of the seven nongovernmental organizations which have been brought into the closest type of relationship with the Economic and Social Council, three are labor organizations – the American Federation of Labor, the World Federation of Trade Unions, and the International Federation of Christian Trade Unions. These organizations even have the right to place items on the Council's agenda. In addition, the International Labor Organization can participate without vote in all discussions of the Council which are of interest to that organization. These facts are further proof of the importance of the Council's deliberations to labor in this country and in all countries. The United States Labor Department has consequently been asked to provide a labor adviser to the United States representative on the Council.

In turn, under the Council, there have been created a number of commissions and subcommissions. Most of these commissions had their first meetings in January and February of this year. They were then chiefly concerned with organizational problems; but they also made a beginning at their very important tasks – among other things, initiating studies in such fields as economic development, out of which will come concrete recommendations for action on the part of the Economic and Social Council and the specialized intergovernmental agencies.

These so-called "specialized agencies" include the International Labor Organization, the Food and Agriculture Organization, the World Health Organization, the International Bank for Reconstruction and Development, the International Monetary Fund, the Provisional International Civil Aviation Organization, the International Refugee Organization, and the proposed International Trade Organization. Most of these organizations have made agreements with the Economic and Social Council which relate them to its work and to the United Nations generally.

The scope of the work of these various international bodies is very broad. All are of real interest to labor as well as business. Consequently, the United States Department of Labor follows closely the work of all of them.

Recently we have devoted a substantial amount of attention and effort to the proposal for the International Trade Organization, since its functioning may have profound effects on American labor as well as on American business. At the preparatory conference held in London during October and November, 1946, the close relationship between trade

and employment was fully recognized. The central purpose of the organization is to promote and to develop world trade by eliminating discriminations and to the greatest extent possible reducing other obstacles and barriers. Tariffs, preferences, quotas, subsidies, balance of payments problems, exchange restrictions – these and many other matters will of necessity be the concern of the International Trade Organization. At the same time it has been recognized by those who have been drafting the Charter of the new organization that countries must try to maintain full employment to keep from damaging the economies of other countries, so that the latter may operate in accordance with the desired trade principles and not seek recourse to emergency measures of economic self-defense. Moreover, recognizing that substandard labor conditions may constitute a means of unfair international competition, it is proposed that the members of this organization agree to take all appropriate and feasible actions to eliminate substandard labor conditions, particularly in those industries which are producing for export.

Negotiations for the establishment of the International Trade Organization are still in progress, under the sponsorship of the United Nations Economic and Social Council. From the very start the United States has played a leading role in this project. The prospects for the adoption of a Charter for the ITO at a world trade and employment conference this fall are good. After the Charter has been submitted to the nations for ratification, the Organization will then come into being.

American labor has a great stake in the International Trade Organization. For this reason the Department of Labor has been participating actively in the work of drafting and negotiating its Charter. A representative of the Department was a delegate at the London Conference, where he was especially concerned with the employment and economic development portions of the Charter, and the Department is now represented at the Geneva Conference, which is putting the Charter into final form for submission to the conference this fall.

In recognition of the fact that American labor is as vitally concerned with the content of our trade treaties as the American farmer and the American businessman, the Department of Labor was recently added – by Executive Order of the President – to the Interdepartmental Committee on Trade Agreements. Under the law which was enacted in 1934, and which subsequently has been amended and extended, it is this committee from which the President must obtain information and advice before concluding a trade agreement. In preparing recommendations for the President, this committee must study and analyze data prepared by the Tariff

Commission as to the probable effects of granting concessions on imported items, data prepared by the Commerce Department as to the probable effects of a concession on exported items, as well as the views of interested persons and groups which have been presented to the Committee for Reciprocity Information. The Labor Department has the particular responsibility of seeing that the recommendations made to the President properly safeguard the employment needs and living standards of the American workingman.

In the field of economic and social matters, the United States Department of Labor is increasingly active in helping to set our foreign policy on a Government-wide basis. This latter function is, in no small measure, achieved through membership on the Executive Committee on Economic Foreign Policy and the Interdepartmental Committee on International Social Policy, both of which consist of representatives of the Federal agencies most closely concerned with economic and social problems. These two important committees, which were established by the President, are the means of assuring that our foreign policy in these fields is formulated on a Government-wide basis.

The Department of Labor is assisting in the formulation of our foreign policy in several other ways. As a statutory member of the Board of the Foreign Service – together with the Assistant Secretaries of Commerce and Agriculture, three Assistant Secretaries of State, and the Director-General of the Foreign Service – the Assistant Secretary of Labor assists and advises regarding the policies to be followed by the Foreign Service in its over-all, as well as its day-to-day, operations. The Department is, of course, interested in all aspects of the operation of our Foreign Service. We are, however, particularly interested in seeing that the Foreign Service considers and reports international labor developments. Unless we have Foreign Service officers who have a good knowledge and understanding of labor matters, the reporting and analysis of developments in foreign countries will suffer, with the danger that important actions may be taken on the basis of inaccurate information or insufficient comprehension of the problems involved.

The four occupied areas – Germany, Austria, Japan, and Korea – present problems that call for continuing, special attention. Furthermore, the whole question of incentives for obtaining a level of production that will put these countries on a self-sustaining basis involves fundamentally the laboring groups. Particularly in those countries whose peoples have been steeped in the doctrines of militarism and totalitarianism it is generally conceded that the best and most reliable base upon which to build a

future democracy is the trade union movement. To reorient a people's thinking is no easy matter. Education as such, no matter how intensive the program, is not enough. To be truly effective, democracy must become a vital part of the daily political, economic, and social life of these peoples. Active participation in the affairs of trade unions, under appropriate conditions, provides an excellent opportunity to appreciate and understand the values of democracy. By selecting their own leaders, by running their affairs in accordance with democratic principles, union members can learn the basic meaning of democracy as in no other way. It is such factors as these which explain the emphasis which Secretary of State Marshall in Moscow placed upon a program which would enable German trade unions to develop along truly democratic lines.

Trade union matters are, of course, but one part of the labor problem in occupied areas. Wages, employment, industrial relations, working conditions, and other related problems must be taken into account. Labor policy and administration in the occupied areas thus call for expert guidance, and the State and War Departments have turned to the Labor Department for assistance. The Department of Labor is represented on the State Department's Advisory Committee on Occupied Areas Affairs and in this capacity is advising with respect to the over-all policies in these areas. The Department of Labor also has made with the Civil Affairs Division of the War Department – which is responsible for carrying out these broad policies on a day-to-day operating basis – arrangements under which we assist the Division in its work in connection with the operations of the labor and manpower divisions of the military government in these areas.

Over a period of more than six years the Department of Labor has also been performing a role of steadily increasing importance and scope in the development and maintenance of better relationships among the peoples and governments of the American Republics. This has been achieved through the exchange of materials and the exchange training of technical personnel, as well as by other means. Experts have been sent to these other governments at their request to assist them in meeting specific problems. At the same time, government labor officials from Mexico, Chile, Uruguay, Brazil, Peru, and Cuba have visited factories in this country in order to become acquainted with the techniques and developments in the industrial field in the United States. This program is important because it combines theory with "down-to-earth" practice. It has helped to translate our foreign policy into constructive action.

In formulating our foreign policy it is of the utmost importance that

the needs and interests of American labor be carefully considered. It is the responsibility of the United States Department of Labor to be fully aware of these needs and interests and to assess them. In order to fulfill this responsibility as thoroughly as possible, the Department has set up a Trade Union Advisory Committee on International Affairs. This committee, which is composed of top officials of the leading trade unions, meets with the Under Secretary of Labor each month to discuss international matters of concern to labor. Consequently, when Department representatives participate in meetings at which United States policy on international affairs is being formulated, they are able to bring to the conference table an accurate appraisal of the interests and needs of labor with respect to the problems under discussion, tempered, of course, by an appraisal of the general public interest. The union representatives are equally interested in advising the Government directly about their needs and interests and in being consulted concerning international labor, social, and economic problems which are of interest to them and affect them both as individuals and as members of the trade union movement.

American labor is aware that our country, as the greatest of world powers, is in a position of tremendous influence in all parts of the world. It is willing and anxious to assist the Government in assuming and discharging the responsibilities which go with the position.

Our productive capacity grows apace. The rest of the world looks to us for food, machinery, loans, and agricultural and industrial products of many types. The rest of the world is anxious to trade with us — to buy from us and to sell to us. Other countries need immediate economic assistance, however, for the achievement of economic rehabilitation. We cannot afford to let them fail. On the other hand, we can expect these countries to canvas their own situation and exercise the maximum amount of self-help. That is this government's proposal as put forward by Secretary of State Marshall in an address at Harvard University on June 5, 1947.

If our power in world affairs is to endure, it cannot rest alone on economic might. We must keep the respect and goodwill of other countries in many other ways. The democratic nations of the world look to us for leadership and statesmanship. What we do, even in what has seemed to us in the past to be purely domestic matters, is of international concern. We must guide our policies and actions in the light of these all-important facts.

This is why American labor and the United States Department of Labor have, of necessity, had to direct an increasing amount of their attention to foreign affairs. The Department's program in the international

field is ambitious, but essential. It is a program that is carefully integrated and co-ordinated with the work of other Government agencies in this field, under the over-all policy guidance of the State Department. But government machinery, no matter how efficient and elaborate, cannot alone do the trick. The success of United States foreign relations depends in large degree upon the interest, support, and assistance of all groups — industry, labor, the farmer, and the public as a whole. It is this which gives the machinery its basic and greatest motive power. With the active participation of all these groups — with their understanding of the implications of America's pre-eminent position; with their willingness to accept the responsibilities that go with this position; with a deep-seated interest on their part in the preservation of peace and prosperity, and in a progressive American democracy that can serve as an example to the world — the United States can lead the way in the achievement of a just and durable world peace.

MANAGEMENT EFFICIENCY AND COLLECTIVE BARGAINING

FLORENCE PETERSON*

THE SUBSTITUTION of collective bargaining for unilateral employer control of working conditions signifies the introduction of democratic procedure in industry. It also introduces additional and unique problems the impact of which extend far beyond the individual business enterprise or the employer (and stockholders) and workers directly involved. As with democracy in political government, rules and laws cannot be enacted with the promptness and the arbitrary single-mindedness of purpose found under a totalitarian government. Neither can they be enforced with the same rigidity and ruthlessness.

Democracy implies sympathetic consideration of the interests of all persons and groups. Participation of many persons in the formulation of policies and rules usually entails delays. Ultimate decisions inevitably represent compromises. Enforcement must frequently be tempered by other considerations than rigid obedience to the letter of the law — or one person's interpretation of the law. Business enterprises, like governments, however, must have rules and competent administration; otherwise there would be chaos.

In one very important respect, the management of a business enterprise is different from that of a political government. Theoretically, at least, in a democratic government those who are responsible for making and administering the laws are co-extensive with those who live under them. It is a government *by* the people and *for* the people. A business concern, however, must recognize the interests and desires not only of those directly engaged in the enterprise (managers, stockholders, and employees), but also of the customers who buy its goods and services. In a

* Director of Graduate School of Social Economy, Bryn Mawr College; Chief, Industrial Relations Research, U. S. Department of Labor; lecturer, American University; author of *Survey of Labor Economics*, recently published by Harper and Brothers, in which material appearing in this article is elaborated.

competitive enterprise system a business concern must produce what consumers want and for a price at which they will buy; and under normal conditions of a buyer's market, there is active competition among business concerns for the consumer's dollar. This competition is not limited to concerns producing the same kinds of goods and services, but extends across industry lines: coal must compete with oil; railroads must compete with bus and air transportation; laundries and beauty parlors compete with mechanical home appliances which perform the same functions.

A business enterprise represents the confluence of many individual and group interests. Since these interests are not always the same, its policies and rules cannot please all the persons who are affected by them. The interests of workers and employers are identical insofar as both have a concern in the continuance and prosperity of the enterprise. Beyond that limited, although important area, their interests are divergent, and by the very nature of the situation employers and unions must approach their tasks from different angles.

The ultimate test of any employer or union policy, or the collective agreement on policy, is whether in the long run it helps or hinders the production of goods and services which can be sold in a competitive market. This is not to say that workers should be willing to accept any wages or working conditions which would make it easy for their employer to sell his products by undercutting his competitors. Just as the employer will not long continue in an unprofitable business, so workers may prefer the risks and hardships resulting from the closing down of a business rather than accept work conditions which they consider unduly onerous. It is to the long-time interest of workers, as well as the general public, that reasonable working standards not be sacrificed even though a particular employer and group of workers may suffer loss of business and jobs.

The crux of the problem in any given situation is: what are reasonable standards, and do any given rules and standards actually promote or harm the business? In most instances the impact of a policy or work-rule cannot be immediately and conclusively determined; it cannot be proved that a specific condition has caused or will cause a business to decline or progress; it cannot always be foreseen whether or not a certain work-rule or policy will promote or hinder maximum employment. The immediate short-time effect of the adoption of a policy or work-rule may be entirely different from its broader and ultimate effect, and the latter may not be anticipated or recognized by the parties directly concerned when the policy or rule is adopted.

MANAGEMENT PREROGATIVES *VERSUS* COLLECTIVE BARGAINING

Many employers who have conceded, or at least accepted, the principle of collective bargaining for the determination of wage levels and general terms of employment are opposed to having work-rules and plant policies established through the process of union-management negotiations. They contend that employers cannot properly carry out their managerial functions if they are deprived of their "right" to make decisions and enforce policies necessary for the efficient conduct of the business. They term these functions "management prerogatives" which cannot be shared by unions if the business is to operate successfully.

The issue has its philosophical as well as its practical aspects. One doctrine, to which many employers adhere, holds that, under common law and the employer-servant relationship, management retains all the authority and right to run its business as it sees fit except with regard to those specific matters which it has voluntarily relinquished to joint management-union control. According to this concept, collective bargaining is a retreat from the pre-existing legal rights and "natural" responsibilities of employers. Employers, therefore, must exercise caution and not yield to collective bargaining those matters which deprive management of its "proper" functions, and which are likely to interfere with the efficient operation of the business.

In contradistinction to this doctrine is the concept that management operates as a trustee for all those affected by the enterprise – those who furnish the capital, those who furnish the labor, and those who buy its products. According to this theory, collective bargaining is a *way* of managing the labor aspects of a business enterprise, and not a concession on the part of the owners or managers of capital. Collective bargaining, accordingly, does not imply a retreat from inviolate rights but only a change from former or customary procedures. Implied in this theory is the expectation (and hope) that the balancing leverage of collective bargaining will serve in the long run to promote the interests of owners, workers, and consumers.

Union-Management Co-operation. Joint determination of plant rules does not necessarily mean that decisions must be made in an atmosphere of conflict, or that they must be the result of compromises by opposing forces. Many areas of employer-worker relations lend themselves to union-management co-operation. Instead of conflict, there can be collaboration and a mutual effort to achieve commonly desired ends.

Union-management co-operation represents maturity in the employer-worker relationship, although it does not eliminate the need for collective bargaining, which is essentially a competitive process. As has been aptly stated:

> There are some problems, notably wage negotiation, which are likely to remain matters for collective bargaining regardless of the degree of cooperation which exists between a union and management.
>
> There is nevertheless some shift as the development process takes place. Some of the things which were originally dealt with through collective bargaining come in time to be dealt with cooperatively. For example, a great many grievances come to be handled in time by cooperative means. As the union and management deal with each other, and as mutual trust and confidence begin to develop, there comes a gradual recognition that the real aim of a grievance procedure is the solution of common problems to the mutual satisfaction of all concerned. . . . In many cases the basic desires of the two parties are found not to be incompatible. When this occurs, the settling of a grievance becomes a cooperative procedure in which both sides attempt to find a solution which is mutually satisfying. To the extent that this happens, the grievance procedure becomes a cooperative process rather than one of collective bargaining. There are some grievances, of course, which involve conflict of interest or desire, and these cannot be handled cooperatively.
>
> It is perfectly possible for the union and management to cooperate on some things and to compete on others. What is not possible is for them to compete and to cooperate at once with respect to the same problem. Matters for collective bargaining, involving conflict, cannot at one and the same time be matters for cooperation, involving mutual aid.[1]

There are potential pitfalls in union-management co-operation as well as possibilities for constructive accomplishments. So long as a co-operative endeavor is confined to methods for improving internal plant efficiency and achieving lower prices, the result can be beneficial to everybody — the employer, the workers, and the public. If, to promote the success of the enterprise, union-management co-operation extends into areas of controlling competition, fixing prices, or retarding innovations, the result can be detrimental to the public interest and may be in violation of the antitrust laws.

For example, unions have co-operated with the coal and railroad industries in opposing the use of pipe lines from the natural gas fields of Texas to northern and eastern parts of the country, and in the development of the St. Lawrence Waterway. There have been instances in the construction industry where local unions have joined with employers in

[1] Irving Knickerbocker and Douglas McGregor, *Union-Management Cooperation: A Psychological Analysis* (Cambridge, Mass.: Mass. Institute of Technology), series 2, no. 9, p. 5.

boycotting materials from other areas in order to promote "home" industries, even though such materials were produced under union conditions elsewhere. The unions in some industries have joined with the employers in seeking high protective tariffs. In some instances employers have accepted unionization for the primary purpose of obtaining union support in their efforts to forestall or discourage competition.

Union-management co-operation carried to its extreme limits could lead to a corporate society in which the general economy would be divided along industry lines. In such a political economy, horizontal class competition between employers and employees would give way to vertical functional groupings in which the employers and workers within each industry (or plant) would be united to promote the interest of their particular industry or enterprise. Such an arrangement was embodied in the original plans of Italian fascism which provided for a hierarchy of joint associations of capital and labor (both called corporations), headed by a national council of corporations. The philosophy of Italian fascism initially was a fusion of syndicalism and nationalism, but, as we know too well, the former soon gave way to the latter. Nationalism maintained that the sovereignty of the state left no room for class struggle, that there should be solidarity of capital and labor. In practice it required the dissolution of free trade unions and the substitution of government decrees for collective bargaining contracts.

In this country at the present time no group is advocating a political economy established along corporative lines. There are frequent expressions in favor of greater union-management co-operation, but this is envisaged within the institutional framework of distinct horizontal groupings of employers and employees. Within this framework, there are perplexing questions of just what constitutes union-management co-operation and how much co-operation is possible and desirable. In every unionized plant the employer and the union are daily faced with the problem of defining the wavering line separating constructive co-operation from encroachment of duties and responsibilities which may be detrimental to the peculiar functions of each. Let us consider some of the concrete issues within these potential areas of conflict and adjustment.

DETERMINATION OF WORK-RULES

In specific terms, those who believe that collective bargaining represents a negative influence on good management maintain that the employer should have the sole right to control the hiring and assignment of the work force, to establish the job and quality standards and rate-fixing

methods, to determine such matters as the processes and equipment to be used, the inventories and reserve funds to be maintained, the location of plants and subcontracting of work.

Unions, on the other hand, claim that all of these activities affect job and working conditions; that workers have a stake in their outcome and should, therefore, have a voice in their determination. For example, the questions of plant relocation and subcontracting of work not only affect the job security of workers already on the job but influence general wages throughout the industry. If branch plants are established in low-wage areas, or work is subcontracted to nonunionized plants, those employed in higher-wage union plants may eventually lose their jobs because of competitive costs, and working standards throughout the industry will inevitably decline.

Even if it is conceded that workers have an immediate interest in plant policies and rules, does it necessarily follow that it is feasible to submit such matters to collective bargaining? If the processes and decisions of collective bargaining interfere with management efficiency, will not workers as well as employers and the public suffer in the long run? The standard of living of workers, like that of everybody else, rests upon efficient management and high productivity. Restrictive work-rules, like high tariffs, may benefit particular groups at the expense of the general welfare.

So-called restrictive work-rules (or "feather-bedding") place arbitrary limits on the amount of individual output, require the employment of excess workers, or cause duplication of work. Examples commonly cited are the rules of the musicians' union which require radio stations to engage "live" musicians, even though their services are not needed because of the use of recorded music;[2] the "laws" of the typographical union which require the employment of journeyman printers to clean up type and perform other tasks which employers think unskilled labor could do just as well; and the rules on the railroads which require full crews for doing certain jobs which the employers contend could be done by fewer persons.[3]

The reasons for union work-rules are understandable. In some cases they are invoked for the health and safety of their members, as, for example, rules pertaining to the use of poisonous materials. Most generally, however, they are for the purpose of prolonging jobs, and thus assume the aspect of "make-work" or "feather-bedding." While it is natural for

[2] In 1946 Congress passed the Lea Act which, among other regulations, forbids strikes to require radio stations to employ "stand-by" musicians.

[3] For additional examples, see Corwin D. Edwards, *Public Policy Toward Restraints of Trade of Labor Unions*, and rebuttal by Edwin E. Witte in *American Economic Review* (March, 1942), pp. 432–459.

workers, like any other persons, to take measures which will protect and promote their job interests, it is nevertheless true that rules which artificially limit performance are a deterrent to economic progress. They are prejudicial to the long-time interests of workers and the general economy and provide no constructive answer to the problem of job insecurity.

Restrictive work-rules are most likely to occur when unions take unilateral action, that is, when they adopt specific rules through membership vote, or authorize their officers to prescribe rules, by which all members and employers in unionized shops must abide. When these rules are established by unions which also have control of the labor market as a result of closed shop agreements, they take the form of monopoly controls. They are not exposed to the give and take of annual collective bargaining where consideration can be given to new or special situations.

Most unions do not attempt to establish specific work-rules by unilateral action but seek to obtain them through collective bargaining. This is done either by having the specific rules incorporated in their written contracts with employers, or by having a general clause in the contract requiring the mutual consent of the employer and union before there can be any change in existing rules and policies. Many employers are opposed to having policies and work-rules come within the purview of collective bargaining. As a matter of general principle, however, there is no more justification for denying workers the privilege of bargaining on any matters affecting employment conditions than there is for depriving employers of a voice in the determination of rules now promulgated unilaterally by some unions.

Although the general principle of the *right* to joint decision may be accepted, there is no unanimity, even among the unions, with respect to the specific rules which shall be open to negotiation at any particular time and place. Some employers, for example, welcome the co-operation of their unions in the establishment and enforcement of safety rules and programs pertaining to quality standards of workmanship and elimination of waste. While some unions co-operate with employers on these matters, others do not wish to accept such responsibilities. In general, unions inject themselves only when they feel the existing rules and policies are injuring or penalizing workers; seldom do they ask for a wider range of responsibility in matters which do not immediately and adversely affect their members.[4]

[4] For a discussion of the union side of this problem, see Solomon Barkin, "It Is Impractical to Limit Scope of Collective Bargaining," *Labor and Nation* (New York: Inter-Union Institute, Inc.), I, no. 5, p. 17.

CONTROL OVER WORK FORCE

The right of an employer to hire and discharge, to transfer and promote, whenever and whomever he wishes, has been traditionally accepted by employers as one of the fundamental prerogatives of management. Employers have considered that their right to select, reject, and discharge their employees as they deem advisable is as necessary to good business operation as their freedom to buy and sell goods in the open market. Not to be able to choose freely whom he should employ, not to be able to lay off anyone at will, has been considered as tantamount to management chaos. Although the "enlightened" employer in the interests of good morale might use the weapon of discharge sparingly, his power and right to dismiss workers for any reason have seldom been questioned.

In contrast, a fundamental tenet of unionism is that the individual worker is entitled to his job so long as the job exists, and he is willing and able to do the work; also, that job rights are not lost when employees temporarily cease work (strike) in an effort to improve their working conditions. Furthermore, union philosophy incorporates the principle that unions have the right to reserve jobs, over which they have established jurisdiction, for the exclusive benefit of their members — or at least that their members shall have first claim to the available jobs. In some instances unions have assumed the right and the responsibility for the manning of individual jobs and crews.

Labor bases its claim to participation in the selection and maintenance of the work force upon the principle that jobs inherently belong to the workers. In former years, as independent artisans who owned their own tools, they individually or collectively maintained job control, and the fact that technology has deprived them of the tools of production does not divest them of their claim to jobs; in other words, this right follows the job regardless of changing methods of production. According to this premise, workers are entitled to demand the adoption of regulations which they feel will provide the most equitable arrangements for job tenure; just as capital used in the enterprise belongs to the stockholders, so jobs or job-tenure rights belong to the workers, and the managers of industry must accept both labor and capital on the terms which each offers.

With these opposite claims regarding one of the fundamental elements of manager-worker relationships, it is not surprising that conflicts have arisen as the growing strength of unions has enabled them to demand a wider adoption of their principles and rules pertaining to job tenure.

Laying aside the theoretical or moral right as claimed by either labor

or the employers of labor, let us consider some of the practical problems as they affect the process of management. Specifically, does the adoption of union demands regarding hiring and firing of employees cause a deterioration in management efficiency and thus increase costs of production? Does the quality of goods and services suffer when management does not have a free hand over the composition of the work force? Or are there advantages, to management as well as labor, in having formalized rules and methods substituted for personal judgment or preference in the selection and control of the work force?

Hiring Practices. Under most collective bargaining arrangements the employer retains the right of initial selection of all new employees. So long as he does not violate the legal requirement not to discriminate against union members, he is free to employ or reject whomever he wishes. Even under union shop contracts which require employees to become members *after* employment, an employer's area of selection embraces nonunion persons as well as those already on the union rolls. Since few applicants turn down desirable jobs because of membership requirements, and unions generally are glad to accept all comers, a requirement for joining a union *after* employment seldom interferes with the choice of applicants. Upon rare occasions, it is true, an individual may not be willing to join, or the union for some special reason may refuse to accept him. Such instances are not frequent; when they occur it is usually because of a rival union situation.

An employer's area for selection is definitely limited under closed-union shop contracts which specify that new employees must be chosen from union rolls. If the existing union membership is greatly in excess of vacancies, the employer will have an ample supply from which to choose, although even under these circumstances he may not be able to hire the particular persons he wants. The employer's choice is narrowed, of course, if there are relatively few members available for jobs, and he may be seriously handicapped if prolonged apprenticeship rules and high initiation fees slow up entrances into the union.

Where unions supply workmen for the employer, the union is supposed to assume the responsibility for the competency of its members, although the employer usually has the privilege of refusing to accept a particular referral whom he considers unqualified. Most closed shop contracts have clauses to the effect that "The company agrees to hire only members of the union, provided the union can supply qualified workers within 48 hours; otherwise the company may secure workers from other sources, it being understood, however, that such workers will become

members of the union." Also, it is usually understood or explicitly stated that the "company shall be the sole judge of the qualifications of all such new employees and may discharge any employee during the probationary period without appeal by the union." With such protections the employer retains a large measure of control over his intake even though his area of choice is limited.

For the union members, the union hiring hall system makes possible an even rotation of jobs, which is a major consideration in industries where there is intermittent employment and frequent change of employers, such as in building construction and in the maritime trades. Building contractors have frequently found the union referral method a great convenience. Many construction projects are located miles away from the source of labor supply; even though the required workmen may be close at hand, the project may be in charge of an out-of-town contractor who is unfamiliar with the local labor market or proficiencies of job applicants. Under such circumstances the local building trades unions are in a peculiarly advantageous position to supply the necessary labor, for they know who is qualified for the various kinds of jobs from among the local membership; and if the local supply is insufficient, the union can get in touch with neighboring unions and have them send over some of their members. On many of the large construction projects undertaken during the recent war, many of which were in isolated communities, skilled craftsmen were brought in from all sections of the country by the national offices of the unions.

Longshore and maritime employers consider the union hiring hall system a definite handicap to efficient operation. On the Pacific Coast there exists a perennial dispute as to whether longshoremen shall be dispatched on a rotational basis, as is practiced at present by the union, or whether employers shall have the right to order steady gangs. In the maritime industry, the unions control the hiring of unlicensed personnel, but they were unsuccessful in their 1946 strike to obtain control of the hiring of licensed personnel. Anyone who is familiar with the petty graft and waste of manpower which existed under the former "shape-up" system of hiring maritime workers can understand the reasons why the unions seek to maintain and extend their present system. Nevertheless, there is much to be said on the employer side against unilateral control as practiced at present by the unions. A miscellaneous and ever-changing assortment of individuals is not so efficient as a gang or crew who have learned to work together as an effective unit. Even more important is the fact that the rotation system tends to discourage incentives for good workmanship; it

would take more courage than most unions can afford to exercise to deny a member a job because of poor work. The existing situation in these trades presents a unique challenge for employer-union co-operation in the establishment of hiring methods which will protect the interests of both workers and employers.

Procedures for Discharge. As a safeguard against arbitrary discharge, unions usually insist that the possible causes for discharge be clearly defined in the contract, and that an employee's supervisor must not have the final decision; in other words, that an accused employee must be given the opportunity to obtain the intervention of his union and have his case appealed to the highest management authority and perhaps to outside arbitration.

To a disinterested person, these protections against unjust and hasty discharge seem reasonable. In effect, they are not unlike the procedures followed by some employers before their plants were unionized. In the vast majority of unorganized plants, however, workers have no protection against the whims and prejudices of employers and their foremen. There have been numerous cases where employees with many years of faithful service have been fired arbitrarily because of some minor infraction of a rule. To an impatient and angry foreman, an employee's answer in self-defense to a criticism has been interpreted as an "act of insubordination" calling for discharge. In many instances of this kind, higher-up management has disagreed with the foreman's action, as did also the foreman after his temper cooled, but very seldom was the discharge reconsidered, regardless of the injustices to the worker and the cost to management in losing an experienced employee. To a dictatorial management, it is more important to uphold the prestige and power of the foremen than to rectify a mistake, no matter how much hardship it causes the worker and his family.

Employers who place major reliance upon the weapon of discharge to maintain discipline and quality workmanship have naturally resented the intrusion of restrictions upon their absolute powers to discharge at will. Most employers, however, recognize the justice of these protections which organized workers have demanded. Their only objections are that the appeals procedure is too time-consuming, and that unions are prone to be unduly solicitous in protecting their active union members.

Seniority Rules. The individual worker's job tenure is protected by provisions in employer-union contracts which specify that length of service shall be the sole or major determinant for layoffs and rehiring. The use of seniority rules as a basis for layoffs, and particularly for promotions and

job assignments, presents more complex problems than the establishment of fixed rules for discharge. Unlike the latter, the selection of persons to be laid off (or promoted) is not an employer-employee issue alone; it also involves the question of choice or preference *among* workers. It is not a question as to whether or not A should be discharged, but whether A *or* B should be laid off when work is slack, or whether A *or* B should be promoted to a better job. Moreover, the "bumping" process required by seniority rules for layoffs frequently involves shifting and demoting many more persons than the number actually laid off.

In essence, seniority rules connote the substitution of another kind of yardstick for the holding and obtaining of jobs than that of relative merit and proficiency. While the oldest person in point of service may be the best qualified, it can also be true that a junior person has superior or potentially superior qualities. If the latter happens to be the case, the application of strict seniority rules means the difference between having the *most able* person on the job and one with *mere passing* attainments.

Management contends that seniority rules have a two-way impact upon plant efficiency. Not only may persons of lesser competence be appointed (or retained) on particular jobs, but the general application of the seniority criterion offers little inducement for individuals to attain their maximum efficiency; when job security and promotions are primarily dependent upon the mechanical operation of seniority rules, ambition to excel is minimized, with a consequent leveling influence throughout the entire work force. Unions and workers argue that seniority rules have the opposite effect; that the feeling of security and fair play engendered by seniority rules improves morale and encourages good performance. Furthermore, even though an employer (or his foreman) does not consciously practice discrimination, human judgment is fallible, and, in the absence of fixed rules, employees who are good self-advertisers rather than good workers are likely to receive preferential treatment.

Seniority *versus* individual merit as a basis for preferment is an age-old issue which is not confined to industrial workers or employer-union relations. It exists in our military forces and in our halls of Congress, in both of which the practice of seniority largely prevails. Employers who have come to accept the principle of seniority for the rank and file of jobs insist, however, that individual ability and other factors should be given dominant consideration in the selection of persons for supervisory jobs and other work requiring unique skills. Here is where the greatest contention exists at the present time. And anyone who has had the responsibility of administering an enterprise involving more than routine motions

will agree that some types of jobs must be exempt from rigid seniority rules if the enterprise is to progress.

JOB STANDARDS AND PRODUCTION INCENTIVES

A continuing and vital area of potential conflict between management and unions is that pertaining to quantity standards of workmanship and the methods used to encourage maximum individual output. Incentive wage systems are not concerned with general wage levels and therefore are not substitutes for, nor necessarily inimical to, collective bargaining for the determination of general wage standards. Nonetheless workers are concerned with the procedures used to determine job standards and piece rates because they directly affect total earnings as well as the speed with which they perform their work.

In general, workers and their unions have accepted the principle of evaluation or grading of jobs by systematic methods and in several notable instances are actively participating in the evaluation process. In the paper and pulp industry of the Northwest, for instance, job evaluation has been conducted on a joint basis since 1934, at which time a management-union committee began an industry-wide study of classifications and rates which resulted in a uniform rate for all unskilled labor and also greater standardization in job rates above common labor. A permanent classifications committee issues interpretations of wage provisions of the agreement and has reviewed several thousand individual rates. Another significant case is that of the U.S. Steel Corporation, where a joint union-management committee has worked for two years on the problem of job standardization and classifications and recently came to an agreement which reduced the number of classifications from over 40,000 to 30, thus eliminating the many wage inequities which had existed among the five steel-producing subsidiaries of the company.

Other phases of "scientific" wage determination, namely, time and motion study and wage incentive plans, have not gained the same acceptance by workers as has job evaluation. Few management policies have aroused as much controversy between employers and employees as have time and motion study and incentive forms of wage payments. Workers have vigorously and often successfully opposed the introduction of the clock-watch and incentive plans, and, where they have been installed, there have been numerous disputes over their day-to-day administration.[5]

[5] The first major success was in 1914 when organized labor conducted a vigorous campaign against adoption of incentive systems on government projects. Ever since 1914–1915 there have been riders attached to the Army, Navy, and Post Office Appropriation Acts specifying that

The fact that incentive wages have been used successfully as rallying cries to get unorganized workers to join unions is one proof that union opposition, where such exists, is not a creation of the unions themselves, but rather a reflection of individual workers' attitudes. (Long pent-up grievances over incentive wages and speed-up in the Detroit automobile industry, for example, was a major factor in the successful unionization campaigns of 1936–1937.) Unorganized, as well as organized workers, have "pegged" their production, refused to work with "pace-setters," and tried other means to thwart or control incentive systems. Unorganized workers, however, must be more subtle, and their opposition is usually not as effective as are the more vigorous and overt expressions of opposition of union members and their spokesmen. In the eyes of management, this attitude is a constant threat to the attainment of maximum plant efficiency.

Some of the objections which workers have to time study and premium systems relate to the essential nature of any and all incentive plans; others have to do with particular kinds of systems and practices which are not necessarily inherent in the principle of incentive wages as such. Much of the disrepute of incentive systems is due to the practice – more common in past years than now – of cutting rates and forcing workers to speed up to make expected earnings. Serious objections are made against the complexities and "mysteries" of many of the systems and the consequent inability of workers to know how their pay is figured.

The reluctance to accept time and motion study and wage incentives is due to the understandable fear of loss of job resulting from increased productivity. Employers and industrial engineers may argue that the resulting reduced costs of production will in the long run make for greater prosperity and more jobs, but workers are necessarily concerned with their own immediate situation, and their concern seems justified to them when they hear employers boast that they have been able to effect "substantial" layoffs after installing wage incentive plans. Some of this fear is allayed or at least mitigated by carefully planned transfers or by payment of dismissal wages. Underlying all the hesitancy and objection toward time study and incentive wages is the workers' instinctive aversion and uneasi-

---

no part of the appropriation "shall be available for the salary or pay of any officer, manager, superintendent, foreman or other person or persons having charge of the work of any employee of the U.S. Government while making or causing to be made with a stop watch or other time-measuring device a time study of any job of any such employee between the starting and completion thereof, or, of the movements of any such employee while engaged upon such work; nor shall any part of the appropriations made in this act be available to pay any premiums or bonus or cash reward to any employee in addition to his regular wages, except for suggestions resulting in improvements or economy in the operation of any Government plant ..." (Public Act No. 441, 77th Cong.).

ness over a purely "scientific" approach to their jobs which seems to ignore them as human beings, and to treat them as abstract labor going through numerous cycles of motions.

In spite of these objections, piece work and other kinds of incentive plans have been customary in some industries for many years, and no serious efforts toward their elimination were made either before or after the plants had been unionized. Incentive wages prevail in some of the most strongly organized industries, for example, clothing, coal mining, steel, and more recently the electrical equipment industry. Piece work has been acceptable to workers in the apparel trades because of the importance of manual skill and control; this results in wide variations in individual worker productivity, and there are always sizable groups of faster workers who feel that a change to time work would cause a decrease in their earnings. In addition, the apparel industries are subject to wide seasonal fluctuations in production and employment, and the unions favor work sharing during slack seasons. The piece-work method makes work sharing easier because employers are assured a fixed labor cost regardless of the amount of work to be done. Without this fixed labor cost per unit of output, very few employers would consent to the rigid work sharing which both the workers and unions feel to be desirable in these industries. Also, these unions have adopted a policy of stabilizing labor costs among competing employers. Piece work facilitates stabilization, since unit labor costs may be determined in advance and do not depend upon the relative efficiency of the individual workers or establishments.

As in the apparel trades, in other industries there are economic factors which seem to make piece work or other incentive plans logical forms of wage payment. In spite of the traditional opposition of the labor movement, most individual unions adapt their tactics to the current situation in a particular plant.[6] If incentive wages are already in existence, they

[6] In a number of industries a larger proportion of the unionized than the nonunion plants have incentive systems. Wage studies by the Bureau of Labor Statistics indicate that the existence of incentive systems is related more to the factor of size of plant than to the presence or absence of unions, incentive wages being more prevalent in large plants. In Sweden, where trade unions have been firmly established for many years, piece-work systems are prevalent throughout industry and even extend into the building trades where group bonus systems exist (Paul H. Norgren, *The Swedish Collective Bargaining System* [Cambridge: Harvard University Press, 1941]).

In Great Britain where unions are also firmly established, there has been a great expansion in incentive payments. The British Amalgamated Engineering Unions, which for a hundred years had opposed piece work, changed its policy as a means to increase war production. In 1943 about 75 per cent of the direct production workers in the engineering industries were covered by incentive systems of wage payment ("Payment by Results in British Engineering," *International Labor Review*, June, 1944).

accept them in principle but seek to obtain modifications. In some instances where the unions have succeeded in abolishing incentives, they have later reversed their position and co-operated with the employer in getting them re-established. The change in attitude may have resulted from competitive necessity and fear of loss of jobs if the employer was forced out of business, or it may have been in response to the members' realization that earnings were less under time work than under the incentive system. The President of the CIO has tacitly endorsed time and motion study and incentive wage plans under certain specified conditions where there is maximum collaboration between labor and management:

> Properly made and utilized they [time studies] are the most accurate and the fairest of all methods of fixing wage standards and for production control. . . .The fact that time study can, and often is, badly used is no argument against the method itself. The stop watch, in fact, is one of the most effective tools for union-management cooperation, because it establishes facts that cannot be gainsaid.[7]

Even though the union has accepted the principle of "scientific" determination of job standards and incentive wage plans, there remain many perplexing problems pertaining to the union's role in the day-to-day operation of the program. The crux of the problem is indicated in the qualifications cited in the above quotation, namely, "properly made and utilized," or as another union spokesman says, "proper controls and safeguards."[8] Concretely, these refer to the conditions under which the time study is made, the allowances for fatigue and "dead" time, the specifications for job motions, and the determinations of norms of speed — in short the complement of factors which make up the task standard and hence influence the earnings under incentive plans.

Union controls are exercised in one or more of three ways: (1) inclusion of specific guarantees and prohibitions in the union contract, (2) provision for the right of union participation in the establishment of job standards and incentive rates, (3) provision for appeal of any rate which an employee considers unsatisfactory.

To prevent rate cutting and speed-up, unions consider most important the guarantees against cuts in rates after they have been established. Under plans which provide guaranteed rates plus production bonuses, union

[7] Morris L. Cooke and Philip Murray, *Organized Labor and Production* (New York: Harper and Brothers, 1940), pp. 117–118.

[8] *UE Guide to Wage Incentive Plans, Time Study and Job Evaluation*, by the United Electrical Workers (CIO). This union is an example of a large union which has accepted the principle of incentive wages but has taken definite steps to control what it considers to be abuses.

efforts are directed toward raising the basic rates, thus narrowing the spread between assured and possible incentive earnings. In some plants, as a result of this pressure, the incentive motive has been virtually nullified through the lifting of guaranteed base rates. Specific safeguards in connection with time studies include the prohibition of secret or concealed time studies and "pace setting." In some instances the percentage allowances for fatigue, delay, etc., are subject to collective bargaining and included in the terms of the contract.

Some unions consider that their greatest protection under incentive wage plans is the right of day-to-day participation in the setting of rates and standards. In many plants union representatives are consulted about each time study that is to be made and are given a voice in choosing the worker to be timed and an opportunity to observe the study in order to make sure that normal working conditions are maintained during the timing. In the textile industry the unions have sought to eliminate the old evils of the "stretch-out" by making the loom load a matter of collective bargaining. Union engineers are now co-operating with management engineers in many plants in the determination of work loads and in studies of productivity.

Many unions are skeptical about the wisdom of taking an active part in time study and job standard determination. They accept this as a management function and believe that the union must remain free to challenge any decision of the management. They argue that if union leaders participate in the setting of rates, the rank and file membership may lose confidence in them, should those rates prove unsatisfactory. At the same time, such participation hinders a union official from acting as a grievance agent for workers dissatisfied with rates which he has assisted in determining.

The more common practice is for unions to control what they consider to be incentive abuses through appeal of individual grievances, with retroactive pay for allowed adjustments. Usually this involves the right of the union to post observers when a restudy is made in order to learn if "too perfect" conditions leading to "fast timings" exist, to check on the fatigue and other allowances, the effort rating, and other factors which make up the final timing value. The principle of the right of appeal is seldom challenged by management; in many plants this was permitted, at least in theory, before the plants were unionized. The controversy, where such exists, usually turns on the question of whether or not the new rates have been given a fair trial. Proposed rates on new production items or on new machines are likely to seem too low to the workers until by actual work

experience they gain the skill and get into the new routine. For this reason management seeks to delay appeals until after a trial period, and to insist that the workers during this trial period do not in effect sabotage the rates established by the time study.

LABOR TURNOVER

Many employers who have had to adjust themselves to collective bargaining during the past decade have assumed an attitude of resignation to the inevitable while retaining nostalgic memories of the "good old days." From the point of view of management alone, however, it cannot be claimed that former conditions were always salutary, and that by contrast collective bargaining is a handicap to efficient management. One of the traditional criteria of satisfactory employer-employee relations has been the rate of labor turnover. High labor turnover increases the cost of production and is rightly regarded as symptomatic of management inefficiency. During the 1920's the primary concern of all personnel managers was the lowering of their labor turnover rates, and many were the inducements to discourage employees from leaving their jobs. Badges and bonuses, old-age pensions and other welfare programs were offered as attractions for continued service.

It is of major significance that during recent years there has been a marked decline in the rate of voluntary quits and discharges. Ignoring abnormal war and depression periods for comparison, available statistics indicate that before the First World War, voluntary separations constituted 75 per cent and discharges about 17 per cent of the total separations in manufacturing plants. During the relatively normal period, 1928–1929, voluntary separations constituted almost 70 per cent and discharges about 12 per cent of the total separations. In contrast, during 1938–1939, after a majority of manufacturing plants were unionized, only 20 per cent of the total separations were voluntary, and less than 3 per cent were the result of discharges.[9] From all present indications this decline represents a permanent trend.

The apparent reason for this drastic reduction in voluntary quit and discharge rates seems to be the recent extension in the unionization of workers. Through collective bargaining and by indirect influence, unions have succeeded in obtaining changes in working conditions and management practices which tend drastically to reduce both discharges and individual quitting of jobs. Incited by different motives, the fact is that the

[9] Percentages are based on data in various issues of the *Monthly Labor Review*.

organized efforts of workers seem to have been more effective in reducing turnover than the welfare and personnel programs of employers which preceded unionization.

The seeds were germinated during the depression years of the early 1930's. The influence of the depression upon the attitude and will of workers might well be compared to the change in popular thinking wrought by the close of free lands in the Middle West and West a half century earlier. Each marked the close of an era dominated by a spirit of pioneer restlessness, of faith and hope that individual advancement could be found through change of location or environment. Both caused an awakening of a determination to obtain improved economic status in the immediate environment rather than in distant places. When there were no further opportunities for resettlement on free lands, when the admonition, "Go West, young man," ceased to have practical significance, the farmer, laborer, professional man, and small businessman turned to political and social reform to protect and promote his well-being. When the general mass of workers, skilled and unskilled, good as well as poor, experienced the shock of prolonged unemployment, when "Get a better job if you don't like this one" more often than not proved to be illusory, the majority of workers became convinced that united efforts toward the improvement of their present job conditions was a safer solution than individual roving in search of new and better jobs.

Specifically, these efforts have been directed toward three major objectives: (1) contractual rights to jobs based on relative seniority; (2) machinery for redress of individual grievances and injustices; (3) improvements in general working conditions through collective pressure and influence.

Although seniority rules result in some disadvantages both to workers and management, as has already been mentioned, an employee who is assured of his progress up the promotion ladder is not as likely to turn elsewhere for a better job. Seniority rules have a two-way impact: a worker not only hesitates to lose his accumulated seniority by transferring elsewhere, but he also finds it harder to secure employment in another plant because present employees in this plant also have established seniority rights which tend to minimize the number of available openings.

In former years the only recourse for a worker who had a real or fancied grievance against his employer or working conditions was to quit his job. Likewise, if his employer held a real or fancied grievance against him, the worker had no recourse against summary discharge. Practically all union-employer agreements now provide for the appeal of discharges

and the adjustment of employee grievances. Redress of grievances *on* the job has greatly reduced the need and desire for *changing* jobs, and this has been a major factor in the recent reduction of the voluntary quit and discharge rates.

Improvements which have already been made in conditions of work, together with the conviction of employees that they should stick together and hold on to their jobs while pressing for further improvements, have materially contributed to a lessening in turnover. One of the important changes in working conditions which has had an influence on turnover has been the shortening in hours of work. The accumulated fatigue and boredom of a nine- or ten-hour day, six or even seven days a week, which was prevalent throughout industry in years past, caused many workers to quit their jobs at frequent intervals in order to get a few weeks' rest and a change of environment at new jobs. Improved safety and health conditions have also had their influence, both physical and psychological, for labor turnover tends to be greatest on unattractive, dangerous, and onerous jobs.

MUTUAL ADJUSTMENTS REQUIRED

Many other evidences besides labor turnover rates could be cited to indicate the salutary effects of collective bargaining upon plant efficiency. Nevertheless, it is also true that collective bargaining presents unique problems in the art of management, and that different techniques are required from those used prior to unionization. It is a problem which must be faced, however, for the entire history of unionism has been a step-by-step admission of workers into the area once held to be the sole prerogative of management. Not many years ago the determination of wages through the give and take of collective bargaining was generally held to be inimical to "sound" business and economic principles. Much the same attitude now pertains to union participation in the formulation and execution of plant policies and work-rules.

The problem is the age-old issue of democracy – translated into terms of modern industrial conditions. The crucial question in any plant situation is how far and in what manner the democratic procedure should be utilized. The problem is not simple or easy for either employers or unions. Management is charged with the duty and responsibility of obtaining maximum efficiency and at the same time is deprived of its sole competence over functions which it considers necessary for efficient operation. Unions are charged with the responsibility of protecting the jobs of their members and improving their conditions of work. These several responsibilities are not always compatible – at least from the short-time point-of-

view and when applied to certain specific situations.

Customarily, workers and their unions do not concern themselves with the company's financial, engineering, or price policies unless they feel that their job security or wage standards are threatened. When they seek to intervene, a *modus operandi* must be worked out based upon the frank acceptance of the immediate divergent interests, and an equally frank recognition by both sides that their ultimate well-being is dependent upon efficient operation of the enterprise. Furthermore, union concern in the formulation of company policies does not necessarily imply detailed and direct participation in their execution. As an eminent authority on the science of management has indicated:

> Democratic administration does not mean wide, general voting on all sorts of operating and technical issues. . . . It does not mean that at numerous levels of administrative action the administrator shall be elected by those whose work he oversees. . . . It does not mean that in committees we talk ourselves into inaction because talk is easier than actual productive work. . . . Democratic organization does mean a clear distinction between policy making and policy execution. It means that the process of determining purposes, policy and method is advisedly seen as shared, and the process of oversight and direction is seen as unified and single.[10]

[10] Ordway Tead, *Democratic Administration* (New York: Association Press, 1945).

LABOR'S INTEREST:
A MANAGEMENT VIEW

D. C. PRINCE*

IN THE FALL of 1945, shortly after V-J Day, it was feared that we were in for a depression accompanied by considerable unemployment. To cope with this situation, it was proposed to have a general increase in wages in the interests of maintaining purchasing power. There was a good deal of reluctance to accept the fact that the wartime purchasing power was unreal and that its loss was, up to a point, not a real loss.

Table I shows the record of total income payments to individuals and savings over a period of years. It is seen that for the four war years 1942–1945 the fraction of total income saved was very high. Thus, the high incomes did not represent high living standards. The civilian goods to satisfy the available purchasing power did not exist, so that the excess was perforce saved. A cut of 19 billions of dollars in national income would not have reduced purchasing power below the point where it sufficed to purchase everything that was purchased in 1945, and still maintain the prewar rate of saving.

Against this background, demands were made for wage increases; and, with the support of many influential people, the 18½ cents per hour pattern was established across major industries. It was pointed out at the time that since everything that could be produced was being bought, this wage boost could not enable anybody to buy any more. The only possible outcome was for the increased purchasing power to force prices higher.

On January 1, 1946, the Department of Labor consumer price index stood at 129.9. On January 1, 1947, after the 18½ cents or 18.4 per cent increase in wages, the price index stood at 153.1, up 23.2 per cent. Even those participating in the increase did not hold their own, and the others definitely lost ground. Nevertheless, the same demands were again made

* Vice President, General Electric Company.

Table I. Income payments and net saving of individuals in billions of dollars.

	Income Payment	Disposable Income (After Taxes)	Net Saving of Individuals	Per Cent Saved of Disposable Income	
1929	$ 82.6	$ 79.6	$ 8.8	11.1	
1930	73.3	70.7	5.8	8.2	
1931	62.0	59.6	5.4	9.1	
1932	47.4	45.6	2.6	5.7	
1933	46.3	44.5	2.1	4.7	
1934	52.9	51.0	3.3	6.5	
1935	58.6	56.3	4.1	7.3	
1936	68.1	65.2	6.1	9.4	
1937	72.4	69.2	6.7	9.7	
1938	66.2	62.9	4.4	7.0	
1939	70.8	67.7	6.0	8.9	
1940	76.2	72.9	7.3	10.0	
1941	92.7	88.7	14.2	16.0	
1942	117.3	110.6	28.6	25.9	War years
1943	143.1	124.6	33.3	26.7	
1944	156.8	137.4	38.9	28 3	
1945	160.8	139.6	33.1	23.7	
1946	165.1	146.0	18 8	12.9	

Source: U.S. Department of Commerce.

in 1947, supported by similar arguments. This time, again with influential support, the increases amounted to 15 cents or 12.9 per cent. Since many of the industries granting the increase do not have profit margins sufficient to absorb it, a further price increase may be expected at least in those industries.

We human beings are slow to learn even from experience, but we do learn. Especially when the individual realizes his own connection both with the causes and effects, he can be guided in his own interest. Both labor and management may be turning over the pros and cons of another turn of the price-wage spiral in 1948, and it therefore seems worth while to review some aspects of the problem from both sides.

In 1945 it was proposed to pay increased wages out of war profits without increase in prices. In 1946 it was proposed to pay increased wages out of increased postwar profits. Whatever argument may be used again, the effort to gain ground in the battle of wages over prices by any other route than increased productivity must fail. A case has been made to the effect

that the all-time high in profits should support higher wages without increased prices.

Unfortunately, the employers of the people who have demanded and received the wage increases are a different set from those who have realized the high earnings.

Table II shows the earning rates for 1,155 industries. The four big industries which have been involved in strikes – steel, electrical, automotive, and coal – did not make high earnings. It is easy to see that if all wage earners in these industries had participated in the 18½ cents and 15 cents without increases in prices, none of them would have made any profit.

We can have another turn of the spiral, but the effect must be the same – unless, of course, the prices become so high that we cannot dispose of the product, in which case we shall have to have a depression, deflate wages along with everything else, and start over.

Like the war profits, many of the profits of 1946 and 1947 are fictitious and nonrecurrent. People were, and still are, buying to replace the wear and tear of the war years. In normal times all purchases but food are, to some extent, postponable. During the war years those purchases were postponed wherever possible. During 1946 and so far in 1947 purchases have been on a virtual distress basis. Anyone who had anything to sell sold it and got his price.

Toward Christmas of 1946 sales began to appear. These sales were made up of two classes of commodities: wartime manufactures too poor to be bought on any but a distress basis, and good products so high in price that hardly anyone could afford them. Now signs are appearing that the sellers' market may be over shortly. In spots it is over already. For instance, table radio models of the less well-known makes have been plentiful for some time.

Consumer durables – automobiles, refrigerators, etc.– are reaching the market at record rates and can be had without recourse to the black market. By fall the distress sellers' market should be over, and those individuals and concerns who have made exorbitant profits will see the end of their bonanza. Some will doubtless be caught with high-priced inventory which they must sell at a loss – thus cutting their past profits.

For years wages have been raised out of increased productivity made possible by technical advances. Throughout 1946 and so far in 1947 few technical advances have been made, for the reason that in a market bare of stocks it has been more important to fill a need with an existing model than to delay until a better one could be produced.

Table II. Percentage of net income after taxes to sales of leading manufacturing corporations in years of high business activity 1936–1937, 1940–1941, and 1945–1946.

No. of Cos. 1946	Industrial Groups	1936	1937	1940	1941	1945	1946
18	Baking	6.6	5.6	5.2	4.6	3.3	6.5
15	Dairy products	3.5	2.7	3.2	2.9	2.1	3.2
17	Meat packing	1.3	0.7	1.3	1.2	0.9	1.7
21	Sugar	8.5	6.4	8.1	8.6	4.7	6.0
38	Other food products	6.8	5.4	7.5	7.0	3.2	5.1
47	Beverages	13.6	9.1	6.2	5.9	3.6	7.1
14	Tobacco products	9.6	8.7	8.9	7.0	4.1	4.4
37	Cotton goods	4.3	3.2	3.7	5.8	3.3	10.1
57	Other textile products	5.8	2.9	5.0	6.7	4.5	9.3
26	Leather and shoes	5.7	4.0	4.7	4.7	3.0	4.2
24	Rubber products	5.9	3.4	4.7	4.3	2.5	5.6
26	Lumber, furniture, etc.	7.6	8.2	6.5	7.1	3.9	7.7
57	Pulp, paper products	4.9	7.1	7.4	8.2	4.3	8.6
44	Chemical products	12.5	15.0	9.6	9.1	7.4	8.9
20	Drugs, soaps, etc.	7.5	8.7	12.8	12.2	6.4	9.8
12	Paints and varnish	7.5	5.5	5.2	4.6	3.2	5.5
33	Petroleum products	9.6	11.4	7.8	10.1	7.0	9.4
56	Cement, glass, stone	12.4	9.9	8.8	7.4	4.5	8.5
45	Iron and steel	5.9	7.5	8.1	6.2	3.0	5.6
11	Agricultural implements	13.2	11.0	8.9	8.2	3.6	4.5
47	Building equipment	7.4	8.3	7.6	5.8	3.6	6.2
50	Electrical equipment	11.5	12.1	10.4	6.9	2.9	4.0
97	Machinery	11.2	9.1	9.8	8.8	3.6	5.9
16	Nonferrous metals	12.9	14.1	14.1	12.3	6.4	10.2
134	Other metal products	10.6	9.2	8.4	7.1	3.6	6.1
20	Autos and trucks	12.5	9 5	8.2	6.6	4.5	3.6
47	Auto equipment	6.5	6.3	6.8	5.6	2.8	3.4
19	Railway equipment	7.1	10.4	8.6	6.6	3.9	6.0
24	Aircraft and parts	7.7	7.6	13.1	7.4	1.2	0.5
83	Other manufacturing	9.0	7.9	7.2	9.8	5.9	7.8
1,155	Total	7.6	7.4	7.5	6.5	3.9	6.0

Net income, after tax reserves and tax credits, includes income from investments and other sources as well as from sales. The percentage rates indicate general trends of profit margins, but are not strictly comparable over a period of years because of (1) variation in number of available corporate reports included in the different annual tabulations upon which this summary is based, and (2) certain changes in industrial classification during the period. The rates for the total in the years not given above were: 1933 — 0.9; 1934 — 3.1; 1935 — 5.6; 1938 — 4.0; 1939 — 6.5; 1942 — 4.8; 1943 — 3.6; 1944 — 3.3.

Source: Monthly Letter of The National City Bank of New York, April, 1947, p. 47.

Productivity has increased during 1946 and 1947, but it has not yet reached 1941 efficiency. Both labor and management must share the responsibility for this state of affairs. For low-cost production in a factory it is necessary for the flow of materials through processes to be so geared that there is no loss of time at the machines and no extra movement of components out of stock and back again.

With the return of the Armed Forces, there has been a very high labor turnover, which has resulted in there being inexperienced personnel in many jobs. We are working out of these problems, but when we get out we will be just where we were in 1941. Then, and only then, can we begin to advance again into new high levels.

Our experiences during the last two years should be good evidence that there is, in general, no excessive spread between wages and selling prices. There are, of course, many exceptions. If we were producing food only for ourselves, we would be producing a surplus which the Government would take off the market at the support prices which are far below present levels. Food prices are not now determined by support prices, but are determined by consumer demand aggravated by the pressure of Government purchases used to feed Europe.

Most other prices are either already fair compared to costs, or are in the process of being brought down by competitive pressure. This is still hard to believe in some cases – in the textile and furniture fields, for instance – but the handwriting is already on the wall, and refusal of purchasers to pay an exorbitant price should bring progressive reductions in commodities that are not fairly priced.

Owing to dammed up demand, many articles are being produced in such quantities that cost may rise as immediate needs are satisfied. Stores have so few salespeople that they have a very low ratio of sales cost to sales. If they are to maintain present volume, the number of salespeople must rise. If the volume goes down, the percentage sales cost must rise. In either case the result is the same.

Factories are running multiple shifts, which gives a minimum cost. Return to single shifts will increase costs. Reduction in volume is almost always accompanied by increased costs. Present volumes depend in many instances on deferred demand. The satisfaction of deferred demand will, therefore, bring higher costs at the same time that competition lowers prices. This situation will almost certainly militate against another turn of the wage-price spiral in 1948.

There has, in the past, been a tendency for wage negotiations to be regarded entirely as arguments between labor and management. The

present labor organizations have become so large and powerful that not only can they enforce their demands on management, but they can – and do, in a measure – pass on a monopoly position to management otherwise denied by the Sherman Act.

To elaborate: until the price of steel reaches a point where substitutes such as aluminum, on the one hand, and reinforced concrete, on the other, begin to make serious inroads on the market, the steel companies can pass on any labor increase with impunity. As long as all automobiles are made by U.A.W. members, the increased wage costs can be passed on up to the point where the would-be motorist will go without a car. In a measure, the same thing is true of the electrical industry, coal, and the building trades.

It is this situation which is engrossing Congress – although, since the number of union members is much larger than the number of employers, the attack on the labor monopoly cannot be carried on with the same enthusiasm as the attacks on oil, utilities, and railroads. In a sense, the recalcitrants in coal and communication have performed a public service in keeping the labor situation in turmoil. Were they all quiet, Congress would probably like nothing better than to forget the whole thing.

Now, however, we have just skirted disaster in the portal-pay issue. We cannot enjoin another coal strike now that the President's emergency powers have lapsed. We are forced to a recognition that the public has a very large stake in any labor dispute.

The interest of the public is to see that (a) there is the maximum production of goods and services; and (b) production is fairly divided. In this consideration the public may be regarded primarily as wage earners. Since dividends, rents, and interest together only amounted to 9.3 per cent of gross national product in 1946 – a year when profits were supposed to be high – we are much more concerned with the relative wages of school teachers and store clerks compared with miners and steel makers than we are with the division between all these and the group which lives on interest and dividends.

Table III gives the hourly rates and average weekly wages for a variety of occupations. It appears that organized labor – as represented by the miners, auto and electrical workers, and the building trades – has done relatively well. This is as it should be because these activities, in general, require the greatest physical exertion, danger, intelligence, dependability, skill, and training. There is no reason to believe that these relative wage positions represent any consistent evaluation, either of the value of these services to the public or of the qualifications of the workers.

In fact, there are conspicuous cases, such as school teachers, in which the reward seems to fall considerably short of their due, considering the educational and training requirements.

Table III. Average hourly and weekly wage rates – January, 1947.

	Average Hourly Rate	Average Weekly Rate
All manufacturing	$1.158	$46.94
Automobiles	1.389	54.00
Iron and steel	1.262	50.63
Electrical machinery	1.202	48.66
Apparel and finished textile products	1.037	38.11
Cotton manufacture	0.914	37.06
Tobacco manufacture	0.937	36.82
Building construction	1.594	59.93
Bituminous coal	1.490	69.58
Telephone	1.133	43.62
Construction—skilled labor	1.89	——

Source: U.S. Department of Labor.

It is in the public interest to improve this situation. When the wage issue is raised in any industry, the question should be one of comparing the wages in that industry with those in other industries requiring the same characteristic contributions.

Ability to pay is an impractical criterion. If ability to pay is based on the monopoly position of the industry, provided by labor or otherwise, one labor group is endeavoring to profit at the expense of other labor groups. Ability to pay varies from company to company. In the typical case, new companies will continue to enter a profitable field until the least efficient is making no profits at all. The theoretical measure of ability to pay is that wage for which, with the total production demanded by the economy, the least efficient producer breaks even. There are too many variables in this equation for it to be useful as a wage determinant. If substantially all of the gross national product goes for wages – and we see that it does – the standard of living of one group can only be raised by lowering that of another. As long as the whole output capacity of the nation is engaged, the over-all standard of living can only be raised by improved efficiency of production.

There is an apparent fallacy in this rule, in that the relative output of consumer and capital goods may vary. We read that in Russia food prices

are raised to cut consumption, in order that there may be more production of capital goods. In a highly industrialized country such as ours, the standard of living as represented by consumables can always be raised at the expense of production of capital goods. At the moment, we are struggling with this problem. There is an acute housing shortage which can only be made up by reducing expenditures for food and clothing, etc. By rent control we may hold up the standard of living of those occupying existing houses, but that is little help to those who are inadequately housed.

A large factor in our present wage-price structure is that of Government purchases to aid war-stricken Europe. During the war the purchasing power handed out as wages to war workers had to be impounded as War Savings Bonds owing to the lack of consumer goods for which it could be spent. These savings would, except for price controls, have pushed prices much higher than they actually went.

To some extent, a continuing inflationary force exists because of Government purchases of all kinds for which payment is not made in goods and services. As an over-all matter, this inflationary force can be countered by taxing the excess purchasing power back into the Treasury. However, the inflationary pressure is localized. A disproportionate part is in foods. Prices of foods are, therefore, relatively high. These prices could be brought down if the Government refused to pay them. The result would be less food for starving Europe. In the meantime, high food prices mean high earnings of farmers. In the past, farm earnings have at times been very low. Whether they are now high, relative to other equivalent labor, is doubtful.

The public interest in relative wages and prices is seen to be rather involved. However, generally the public should be represented in a major labor-management controversy to see that:

(*a*) The workers' share in the national income dollar is equitable, neither too high nor too low.

(*b*) The particular wages under negotiation are not out of line with other wages paid for similar contributions.

(*c*) The wage structure encourages maximum productivity.

(*d*) The profit structure encourages maximum productivity in directions most useful to the public.

(*e*) Stability of employment, wages, and production should be regarded as an important interest of the public.

There has always been a struggle of man against nature. Man tends to multiply, as the animals do, until he outruns his food supply. In our time two factors alter this pattern. Man has adopted a measure of self-control, and technical advances have increased productivity faster than population.

We have, in this country at least, reached a record level of physical well-being. This well-being is spread more uniformly than in any other country. Still, there are many cases of distress, and we should move to improve the average and also alleviate distress where it occurs. We need not give immediate attention to the possibility that some day everybody will be satisfied. When that time appears imminent, we should seek a way whereby anyone who has enough can devote additional time to leisure pursuits without curtailing the activities of those who still want more of something.

For the present, we wish to define a plan of action, concentrating on maximum production and the most equitable distribution consistent therewith. The consumer's interest should be paramount, but for the sake of argument let us assume labor's interest to be paramount.

Should labor in its own interest demand further wage increases? In general, no, since a new turn of the inflation spiral is the only result, and that profits few — and certainly not labor.

Wage adjustments should be made where necessary to attract workers where needed. If there are not enough and good enough candidates, the wage incentive must attract more qualified people into the field. The greatest present demand is for more highly trained people in all fields. Therefore, there must be a greater premium placed on technical and scientific training. These are the people who make higher productivity possible. An investment in them is just as important to the rank-and-file worker as an investment in production machinery.

The horizontal wage increase has run its course. Pushed to its ultimate conclusion this process could proceed to a point where highly trained college graduates might make less than janitors. If the situation continues, we may not have enough engineers and scientists to make jobs for mechanics.

Some wage earners may have priced themselves out of the market. Certain equipment builders refused to do repair work at a lower hourly rate. Since little new equipment of this kind is being ordered, they may have to start in some other line of activity. Some forms of building construction have become prohibitive in cost and are being gradually abandoned. A voluntary reduction in hourly rates might bring more annual take-home pay, and an increase in output resulting in lower cost might stimulate demand.

The profit motive is a help to labor. Workers on piece rates or under incentive systems, fairly administered, make more money and produce more product at less cost. Enterprisers making good profits put more money into the business, making more and better jobs.

On the other hand, once the profit motive is removed, the economy suffers losses in two directions: first, the production becomes less efficient; not only is there no incentive to find new and better ways of doing things, but existing machines fall into disrepair and administration is lax, resulting in loss; second, we have no other good measure of what is worth doing; we are as likely to build post offices and parks as to construct private housing to accommodate returning veterans.

England has come through a winter of fuel shortage. The men do not like to work in mines, and there is no sufficient incentive to mechanize the mines. If the men were forced to work, their output would be low. Force is a poor substitute for the profit motive in any language.

The industrial machine is now picking up speed. Shortages are being overcome. Organization and individual efficiency tapers off; prices must come down if volume is to stay up. It is, therefore, in the interests of both labor and management to see lower costs passed on to the public in lower prices. Turning out large volume at low cost rather than small volume at high cost, their ultimate take-home will be far greater. We are now getting the high volume, and it will be more easily maintained by lowering prices than regained at lower prices once lost.

We may find that even with the best effort in reducing cost with present wages, some products are priced out of the market. It would be well worth labor's while to make its own survey to determine where those places are and then decide whether to take a voluntary wage cut or seek other employment while there are still many employment opportunities available.

During the first quarter of 1947 our gross national product was running at an annual rate of 209 billions of dollars. This still includes 31.5 billions to operate our government compared with the 16 billion of prewar. Our opportunities to increase living standards are in just two directions — raising the output of goods and service, and reducing unnecessary governmental cost. As we learn to solve our own internal economic problems, we shall lessen misery at home. As we apply the same patterns abroad, we shall alleviate misery there. Our governmental expenditures can then come down, providing a cumulative increase in standards of living.

NEEDED: A CYCLE POLICY

ALVIN H. HANSEN*

TWO MAJOR FEARS haunt Americans, indeed, the whole world at the present moment. One is the great danger of another world war; the other is that the United States may not succeed in maintaining high levels of income and employment. Indeed, these two problems are not unrelated. The future of all of the Western democratic world depends very much upon economic conditions in the United States, and as a reflection of these conditions, the extent to which adequate aid can be given to the reconstruction of the economic systems of western Europe.

That we should be enjoying a period of postwar prosperity is not surprising to anyone. The backlogs of demand caused by the war insure high activity both in the fields of capital goods and consumers' goods; but how long it will last is the question. It could, indeed, turn out (though this is scarcely probable) that we might largely escape the immediate postwar recession – comparable to that of 1921 – by a lucky combination of circumstances. Already, something of this sort has occurred. The considerable decline in inventory accumulation in the first quarter of 1947 was, fortunately, offset by a sharp rise in the net export surplus. In 1921, on the other hand, both declined drastically, together producing a sharp depression.

But, however events may unfold with respect to the immediate postwar recession, no one, so far as I know, doubts that the backlog of demands, particularly in the fields of construction and business equipment, will in some few years come to an end. There is, moreover, widespread belief that this postwar era of prosperity is not likely to last as long as the seven good years from 1923 to 1929. There is nowhere evident currently (apart from the consideration cited below) the economic basis for so long a period of high prosperity.

To this statement one notable exception may be made, but it is not

* Lucius N. Littauer Professor of Political Economy, Harvard University; economic consultant, Federal Reserve Board; former president, American Economic Association.

one that can be envisaged with equanimity. A world situation so threatening as to require very large and growing military expenditures, sufficient to offset the eventual decline in private capital outlays, might, indeed, give us an almost indefinite period of high employment. But this is a solution which would point to and probably eventuate in a world calamity. Apart from such a consideration there are few, if any, who doubt that a severe depression is, sooner or later, in store.

Nevertheless, the discussions both from the economic left and economic right have, in recent years, run in terms which, more or less, rule out the business cycle. Thus, for example, Lord Beveridge in his *Full Employment in a Free Society* comes pretty close to arguing that a long-run planned program of expansion, such as he advocates, would, of itself, eliminate the business cycle; but he does not, in fact, go that far. On the other side, more conservative writers have been disposed to talk in recent years a great deal about depressions and unemployment as though they were wholly a matter of imbalance in the *structure* of the economy. Thus it has been argued that wage-price adjustments, improved basic tax structures, labor-management relations, etc., might be so ordered that no depression is necessary.

This is a dangerous illusion. Recent discussions indicate that it is high time that we revert to a serious study of the business cycle and the factors which underlie it. It is, indeed, true that structural reforms and adaptation to changed conditions are highly important for the functioning of the economy, particularly from the standpoint of secular development and progress. But it is not true that these secular adjustments can prevent the short-run fluctuations of the business cycle. Lord Beveridge's position rests on stronger grounds, but it goes too far. It is, indeed, true that a long-run program of planned expansion will minimize the violence of cyclical fluctuations and, particularly, reduce much of the force of the cumulative process. Thus, the secondary and tertiary effects of the primary fluctuations in the rate of investment could certainly be very much minimized. But even with a planned long-run program of expansion the primary fluctuations in private investment would still remain to plague us. Bulges of investment would continue to come and go. Thus, to achieve economic stability, it is necessary not only to have a long-run program of planned expansion, but also to implement a short-run compensatory program to offset the short-run fluctuations in investment.

It may, in fact, be expected that the aftermath of the war will for some time intensify the business cycle fluctuations in investment. Serious distortions follow from the terrific "twists" which the mass conversion of the

economy to war purposes created. The accumulated shortages will intensify the replacement cycle. This will be true not only of consumers' durable goods, but also of machinery, equipment and fixed plant, and, in a still longer cycle, housing. The war has caused a violent distortion in the age distribution of automobiles, for example, and to some extent the same is true of business equipment. Thus, bulges of investment caused by the replacement cycle are likely for some time to be intensified.

In the housing field this may be very serious. After some years of feverish building the market will be largely saturated. Without a thoroughly planned urban redevelopment and housing program, violent replacement cycles will be inevitable.

But this is not all. Investment bulges spring basically from technological developments. These come typically by fits and starts and not in a smooth development of small increments of changes in technique. Often great technological innovations cause a bunching of investment. Technological developments often create vast new industries, cause relocation of population and industry, with induced effects upon investments in transportation and housing. Fundamental technological changes cause forward thrusts into new frontiers, with an attendant bunching of new investments and fixed capital. Basically, the bunching of pioneering investment is a product of intermittent surges in technology.

Thus, it is not merely the impending saturation, when the backlog of war-created demands has been satisfied, that confronts us. That, indeed, will be the basis for the first major postwar depression. The forces making for the cycle are indeed based partly on past bulges – the replacement cycle – but in a more fundamental way upon the process of technological change coming, as it does, in fits and starts.

It, accordingly, will not do to be complacent about the prospect of eliminating the cycle by making desirable corrections in the structure of our economy; and it is not true that the correction of structural imbalances will prevent the onward march of the business cycle.

The tendency to discuss the problem of mass unemployment in terms of structural imbalances is, in fact, the current counterpart of the new era talk of the 1920's. Disillusionment as a result of this point of view will follow just as surely now as then.

It is indeed true that it is not sufficient to "iron out the cycle." That might result only in stabilized stagnation and unemployment. A long-range program of expansion, structural changes in wage-profits relationship, and in the distribution of income, are necessary. What I wish to emphasize here, however, is the danger of forgetting about the business

cycle altogether. We shall quickly discover in the postwar world that our modern economy is a very fast-moving one. A depression, once it has started, can cumulate under current conditions with terrific speed. For this situation, long-run adjustment programs by themselves alone are not suitable. What is needed is a cycle policy. This means a program which can quickly be put into motion, highly flexible and subject to quick adjustment and change. It is this area that we are in danger currently of neglecting.

The President in his Economic Report transmitted to Congress on January 8, 1947 referred to the possibility of an impending recession and stated that the "government will watch this situation and be prepared for action if needed." This statement by the President is heartily to be welcomed and it is not altogether true that he was simply "whistling in the dark." We are, in fact, far better prepared to act now than we were in 1929. (This matter I have discused at some length in my recent book *Economic Policy and Full Employment.*) Nevertheless, it is a fact that in no small measure the President *was* "whistling in the dark." We do not have a program that can quickly be put into action to stem a rapidly cumulating depression. That we will not let it run on as we did in 1929–1932, I am convinced, but we will act tardily and ineffectively because we have, in fact, nothing approaching an adequate program.

This is, indeed, a serious indictment, but all the world knows it is true; and this is the basic cause of current uneasiness with respect to the United States and its role in the world economy.

An adequate cycle program is impossible without a long-range program involving plans and preparations with respect to improvement and development projects, and public works – federal, state, and local. In one exceedingly important area a modest beginning in such a program is contained in the Taft-Wagner-Ellender Urban Redevelopment and Housing bill. But, while it once passed the Senate, there seems no prospect that it will pass the House. And it is only a beginning. Under the slum-clearance provisions of this bill, it would require fifty years to purchase and redevelop the slum and blighted areas and to provide reasonably satisfactory houses for the mass of the population. That a country with the prodigious productive capacity demonstrated in the war can seriously consider taking half a century to improve basically its great urban communities, remove the slum and blight, and modernize urban transportation is a striking proof of the lag of social adjustment to technological change.

There has been a disposition of late to minimize the anticyclical possibilities in a public investment program. There are, indeed, great difficul-

ties which have often been slurred over. But the pendulum has gone too far. We need to re-examine the possibilities of flexible adjustment inherent in a large and varied long-range public construction, improvement, and development program. Unless this is done, we shall, in fact, engage in wasteful expenditures, once a serious depression is upon us, for we shall discover that it is not possible to meet the onrush of depression without a large expansion of public outlays. Such outlays can be wisely implemented, not merely in public works, improvements, and development projects, but also in low-cost housing and, indeed, in other kinds of durable consumers' goods. The last item in particular has been explored at some length in the postwar programs in western European democracies, notably, the British Empire countries and the Scandinavian countries.

Urgently necessary, if we are going to implement a really effective anticyclical program, is a flexible tax system. Nothing is more immediately important than public education on this important issue. With a vast federal budget somewhere in the neighborhood of 35 billion dollars, the anticyclical possibilities inherent in a flexible tax system are enormous. It is not possible to run the modern fast-moving economy, with its tendency toward violent fluctuations, on the basis of an immovable tax structure fixed for two or more years.

Recently the whole country debated the question of the new tax bill. It is extremely interesting to note that it was debated in terms of depression and inflation. These are short-run business cycle matters, and if the rates are to be countercyclically effective, they must be timed. But timing is obviously impossible under the system now in vogue. While the discussion was going on in Congress, the country was under strong inflationary pressures. This indicated the maintenance, if, indeed, not the increase in tax rates. On the other hand, there was looming the danger of impending depression. This situation would indicate a sharp reduction in tax rates. But no one could pretend to say with any accuracy when inflationary forces would subside and deflationary forces take hold.

Thus, while the debate shows that the country is quite aware that taxes are important for the control of both inflation and deflation, it is apparent that the instrument is not now at hand to effect appropriate timing in an anticyclical program. Since this is true, it is apparent that we have not yet reached a stage of sufficient economic and political maturity to manage the tax program in a manner required to insure a well-functioning and balanced economy.

Just as Congress has, within limits established by law, empowered the executive to make adjustments in tariff rates, and just as Congress in the

Federal Reserve Act has allocated to the monetary authority, within limits established by legislation, the power to raise and lower reserve ratios, so also it now becomes highly important and, indeed, essential to permit executive adjustment of the basic income-tax rate within limits imposed by Congress. Only in this manner is it possible to get quick timing and an adequate flexibility in our tax structure. The President should periodically report to the Congress, annually in his Economic Report, and probably quarterly, on action which he may or may not have taken, together with reasons for his action. In the final analysis, the power would always reside in Congress not only to lay down the basic pattern within which the executive operates, but also to intervene if it so chooses. Thus, Congress would in no sense abdicate its power but would only make possible an implementation of the tax system as an effective anticyclical device.

There is general agreement that we stand in danger, sooner or later, of serious depression and mass unemployment, and that this is a definite menace to the very existence of democratic government, to the system of free enterprise, and to the market economy operating mainly under the price system and private enterprise with the state playing an important regulatory (and in some areas a state-enterprise) role — in short, the so-called mixed system which characterizes all Western democratic countries, even the United States. But despite the general agreement about the danger of depression and mass unemployment, it is a tragic fact that there is little agreement about how to meet the danger. There is a disposition to take a chance, to hope for the best, to let well enough alone.

The fact is that we have not been able to resolve the basic problem of the role of government in our modern world. Particularly, we have not learned how to make government an effective, flexible, and responsive instrument in a varied and highly complex society. This society embraces activities and institutions that are voluntary and noncoercive — a society functioning mainly through private enterprise, co-operative action, and numerous private institutional arrangements, yet a society in which the state functions not only as a balance wheel offsetting fluctuations in the private sector, but also as a provider for evergrowing community services and for basic development projects which underlie and support private industry.

UNIONS, GOVERNMENT, AND POLITICS

JACK BARBASH*

THE UNION'S interest in politics and government stems from precisely the same motives and compulsions which characterize its other activities. Naturally the expression which these motives take is suited to the peculiar medium of politics and government as a way of achieving union purposes.

WHY UNIONS TRY TO INFLUENCE GOVERNMENT

First, it is an obvious point that unions are interested in encouraging government measures which will make for more jobs in their industry. The building trades unions are constantly urging upon local and federal government large-scale public works programs. Harry Bates of the Bricklayers' Union, as chairman of the AFL Housing Committee is, for example, one of the most ardent spokesmen for the large-scale housing program embodied in the Wagner-Ellender-Taft General Housing Bill. The shipyard workers have been in the forefront of the labor organizations agitating for a powerful navy and merchant marine.

On occasion, this pressure for favorable government action for more jobs is consciously aimed at government action against competing workers or competing jobs. The interest and the activity of the building trades unions in behalf of municipal building codes is in part the craftsman's interest in promoting the use of safe materials and practices. It is also designed to compel the use of materials or restrict the use of materials which otherwise would deprive their members of jobs. Pressure on the federal government of this restrictive character is typified in support of tariffs which would inhibit foreign competition. The Textile Workers (CIO) have opposed reduction in textile tariffs in the United States. The Miners and the railroad unions have opposed the construction of the St.

* Economist at various times with U.S. Department of Labor, War Production Board, and other agencies; now in private practice as an economist in the field of labor, Washington, D. C.; his book *Mainsprings of Unionism* will be published in the near future by Harper and Brothers.

Lawrence Waterway, which would, it is held, adversely affect the volume of traffic carried by the railroads, and, of course, for the Miners it would affect the consumption of coal by the railroads.

This is the approach also of the Painters, who advocate legislation either banning or severely curtailing the use of the spray gun. Louis Weinstock, an officer of the Painters' Union, asks rhetorically,

> Who can be opposed to a campaign initiated by our International from one end of this country to the other to create such legislation that will make it almost impossible in certain localities and on certain types of work to use the spray gun?[1]

Unions favor legislation which will increase wages directly or indirectly and reduce hours of work. For the AFL as such, this attitude is of relatively recent origin. Until the New Deal came to power, the AFL opposed government measures designed to affect wages and hours (except regulations for women and minors) believing that these ends could better be achieved through collective bargaining. Since then, however, union support and, indeed, encouragement of all measures which set minimum wages and maximum hours is practically unanimous.

Some unions will press harder for certain kinds of wage and hour legislation than others. For example, as this is written, the amendment to the Fair Labor Standards Act to raise the national minimum wage to 65 cents an hour is under consideration. The Textile Workers (CIO) is perhaps the union which is working harder for this legislation than any other, for the understandable reason that the southern textile workers, who are the least organized, stand to benefit most from such legislation. The Department Store Employees (CIO) are also pressing for the extension of minimum wage regulations to the relatively low-wage mercantile employees.

In this respect it is significant that there is no substantial fear that statutory action to raise wages and reduce basic hours will compete with the union's stock-in-trade to workers. On the contrary, the union's calculation is that such action will bring the low-wage employers closer to the average and thus weaken the extent to which they can undersell unionized employers, particularly since the low-wage employers are frequently the most difficult to organize. It is also worth noting that the more effectively an industry is organized, the more the union gets out of government regulation. This influence was clearly operative in the wage and hour features of the NRA Codes, where the better organized industries got the best

[1] Brotherhood of Painters, Decorators, and Paperhangers of America, *Proceedings of the Seventeenth General Convention*, September, 1946, San Francisco, Calif., p. 330.

labor codes and the most effective enforcement (in what was on the whole a spotty enforcement record), since the unions constituted themselves an enforcement agency.

Maintenance of health and safety standards provides another field of government action which commands practically universal support by unions. The Miners' union operating in an industry with high accident rates has fought over the years for adequate federal and state inspection laws. The activities of the mine inspectors are given much prominence in the *Miners' Journal.*

A large area in which unions have sought to influence government policy in one way or another is what may be described as the cultivation of sympathetic attitudes on the part of government toward union practices and policies. In an elementary way, it takes the form of the newly arrived organizer visiting the local mayor and police chief in order to minimize possible hostility on the part of the forces of law and order.

Although the National Labor Relations Board was subject to attack by both AFL and CIO for particular decisions, there has never been any question of their support of the underlying assumption of the Act that government has a basic responsibility to protect the right of workers to organize into unions of their own choosing. Indeed, it is possible that if the labor support had not been forthcoming, the National Labor Relations Act would have been amended out of existence long ago. Similarly, all union forces have been actively mobilized against federal legislation designed to weaken the unions — proposals slanted toward compulsory arbitration, outlawing of the closed shop, "cooling-off periods" in labor disputes.

Influencing government, particularly the federal government, can become part of the union's total strategy in collective bargaining with the employer. Thus, the strike upsurge of 1937 as well as the postwar wave and its accompanying wage demands would not have been prosecuted with the same zeal if the union leadership had not felt that it could count on tacit and even direct assistance from government. Walter Reuther's willingness to present the UAW-GM case before a fact-finding panel was undoubtedly predicated on the belief that whatever would come out of the panel would be to the union's advantage. Similarly, in the steel dispute, Philip Murray's compliance with President Truman's request by way of calling off the strike for the time originally set must have been on the basis that he felt the government was favorably disposed toward the union position. This is what Sidney Hillman must have been thinking about when he said in the spring of 1946 that the CIO had won its strikes

by "political action" as well as economic action.[2] It is not unlikely, therefore, that industry's general opposition to government-sponsored fact-finding and compulsory arbitration was due less to a hostility to the principles and more to its conviction that government intervention of this sort would generally favor the unions.

The facts of a chaotic industry, economically speaking, impel unions to seek government intervention to "stabilize" the industry. Always responsive to the interests of the coal miners, Senator Guffey sponsored, under the urging of the UMW, a bill which fixed coal prices as well as established a labor relations mechanism in a coal labor board. The Textile Workers Union, too, sought to introduce order into the highly competitive economics of its industry through the enactment of the Ellenbogen bill, which would have set up a "little NRA" for the textile industry. In general, the AFL as such was moderately sympathetic to the aims and administration of the National Industrial Recovery Act. The needle trades unions had been enthusiastic supporters of the NRA.

There are unions which, in the very nature of the field in which they function, must necessarily turn to government for the effectuation of their objectives. The railroad unions, dealing as they do with a public utility, subject to close regulation by governments of all levels of jurisdiction, pay considerable attention to the influencing of government policy. As much as anything else, the railroad unions are powerful political pressure groups. In state legislatures, these unions have been active in behalf of full crew laws and railroad safety legislation. Nationally, the railroad unions were powerful enough to secure protective labor relations legislation in the Railway Labor Act nine years before comparable legislation was available to other workers in the National Labor Relations Act. Railroad workers also have their own old-age insurance and unemployment compensation in the Railroad Retirement Act and the Railroad Unemployment Insurance Act. In all of this legislation, the railroad unions were the main motive power behind the legislation. The rail unions went further along the path toward government intervention than has any other important labor group when they excited considerable interest in the public ownership of the railroads in the form of the much-debated Plumb Plan immediately after World War I. One of the masterminds of the rail union's political strategy is Edward Keating, editor of *Labor*, the organ of the railroad unions. Keating once quoted J. J. Pelley of the Association of American Railroads as saying in connection with the debate on the

[2] Amalgamated Clothing Workers of America, *The Advance*, April 1, 1946, p. 16.

second Railroad Retirement Act, "Will you kindly tell me when the railroad boys are going to permit Congress to adjourn?"[8]

Even more dependent on government action than the railroad unions are the unions in public service employment. Deprived ordinarily of the most important sanction of collective bargaining, the strike, these unions must rely extensively on government action rather than on the more normal union activities. The unions in the postal service are continually active in behalf of favorable legislation and are an important political power in the halls of Congress. The metal trades unions have been successful in securing legislation forbidding time and motion studies in the naval shore establishments. The Teachers Union has been vigorously active in behalf of federal aid to education, and in the state and local governmental bodies for increased salary schedules.

UNIONS AND NATIONAL POLICY

The range of union concern with government up to this point, we have been suggesting, has been an outcome of the practical necessity of running a union in a society in which government plays an increasingly important part in economic and social affairs. When we get into the field of union interest in broad national policy, it is likely that the ideological roots of unions and union leadership affect the extent to which activity is undertaken in these fields. In more specific terms, it may be said that CIO unions are more prone to take a position and agitate for legislation which is further removed from immediate job problems than are the AFL unions. In turn, within the AFL, unions like the International Ladies' Garment Workers' have a broader range of interest in governmental affairs than do most AFL unions. The explanation is not hard to find. The CIO unions rose to power as part of a wave of reform — to wit, the New Deal. Intellectually at least, unionism to them is of a piece with the other segments of the New Deal. The mainstay unions in the AFL, notably the building trades and most of the metal trades unions, on the other hand, stem from an environment which was not as sympathetic to broad programs of social reform. On the contrary, many of these unions experienced conflicts with Socialists and, in later years, Communists, which have had the effect of hardening them against what they regard as "causes."

The CIO Political Action Committee is as good an example as any of the broader range of the CIO's political interests as compared to the AFL's.

[8] Quoted by Edward Keating in *Proceedings of the Sixteenth Convention* of the International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America, 1937, p. 271.

The keynote of the PAC campaign was in terms of support of Roosevelt policy, not of labor policy as such. The candidates who received PAC support were those who were supporting the President or, at least, his general policies, with particular emphasis on foreign policy. As Sidney Hillman said at the 1944 CIO convention, following by only a few weeks the presidential election of that year, "When we organized [PAC] last year and announced a program, it was not a narrow labor program."[4] Or in another place in the same address, "Our program was not a program for labor alone."[5] Whatever support candidates received from the AFL and its individual unions was on the basis of the candidate's voting record on issues of immediate concern to organized labor and not foreign policy particularly.

Within the last few years, however, there has been a discernible change in AFL attitudes with respect to taking a stand on public issues not too immediately related to union affairs. In part this tendency has evolved because of the AFL's recognition that an articulate expression of opinion on matters of broad public policy is expected from them by people sympathetic to labor. Another factor in this expanded interest is the wish to offset the notion that the CIO is the only organization which speaks for labor in these matters, although on national policy there is little disagreement between AFL and CIO. Finally the AFL has become increasingly aware of the relevance of issues of national economic policy to the health of its unions. The AFL has recently added a Social Security Department to stimulate interest and action among its affiliated groups in pending legislation and to make its point of view effective in government councils. In the spring of 1944, the Post-War Committee of the Federation held a national forum on problems of postwar adjustment in which there were sessions on world organization and full employment. AFL spokesmen like Matthew Woll have been increasingly articulate on foreign affairs.

HOW UNIONS INFLUENCE GOVERNMENT

The most common mechanism to influence government policy is through legislative representatives, or, put more invidiously, the lobbyists. Like every other group which has vital stakes in government action, labor organizations maintain full-time representatives in Washington and in the state capitals. Perhaps the most effective labor lobby is that of the railroad unions. Much of the legislative strength of the railroad unions arises out of (1) their limited legislative objectives, and (2) their strength

[4] Congress of Industrial Organizations, *Proceedings*, 1944 Convention, p. 204.
[5] *Ibid.*, p. 207.

in the rural sections of the country. The strength of the railroad unions among legislators from rural constituencies, which is where the major opposition to labor legislation stems from, grows out of the fact that the railroad shop is frequently the single largest industrial enterprise in many of the rural communities, and railroad labor is, therefore, the only labor group of importance in these constituencies. Such legislators are, therefore, more responsive to the pressures of the railroad labor group than they are to labor groups in general.

The results of this superior political position of the railroad unions are not difficult to detect. As Keating puts it,

> No legislation affecting the railroads can be put through Congress until it has the support of railroad labor. That was amply demonstrated when this last transportation act was put through. That act was a great thing for the railroads but they couldn't put it through without the support of these organizations and they know it.[6]

Both the AFL and CIO, as well as many international unions, maintain permanent legislative organizations in Washington. The job of the labor lobbyist is like that of any other lobbyist, as far as the mechanics of the job go. It involves keeping track of what is happening to legislation, providing technical assistance in drafting and promoting legislation, pressuring legislators to vote labor's position, and organizing pressure from back home put on wavering legislators.

The CIO, in this as in other aspects, tries to be more sensational in its lobbying. In October, 1945, for example, the *CIO News*[7] reported that delegations from nearby states aggregating two thousand CIO members "marched" on Washington, visiting their Congressmen and Senators "to find out how they stood on unemployment compensation, full employment, and the 65 cent minimum wage bill." The *CIO News* carries on its back page a score card of bills before Congress under the heading of "Keep Your Eye on Congress," and presents in tabular form the title of the bill, "what it does," "where it is," and recommended action, such as "wire or write to your Congressman to oppose."

Electoral activity is another way in which labor unions seek to influence government policy and action. There is no *fundamental* difference between AFL and CIO or among the affiliated unions with respect to electoral activity. Before the New Deal, there was always at AFL conventions an articulate minority which pressed for independent political activity by labor. This was essentially the socialist group. Since the New Deal,

[6] *Proceedings*, Grand Division, Order of Railway Conductors, 42nd Session, 1941, p. 38.
[7] *The CIO News*, October 1, 1945, p. 5.

there has been no serious espousal of independent political action by any considerable group either in the AFL or CIO. The disappointment of some CIO unions with the Truman administration has stimulated a light flurry of talk about a third party, but all responsible elements in the CIO have disavowed independent labor political action.

There are, however, significant differences in degree among the various kinds of electoral activity in which labor engages. The older unions in the AFL, notably the building trades, carry on their activity for the most part not as organized labor but as part of the existing political parties. Dan Tobin of the Teamsters heads the Labor Committee of the Democratic Party. William Hutcheson of the Carpenters is Tobin's opposite number in the Republican Party. The central bodies on the state and local levels "reward their friends and punish their enemies" by passing resolutions and occasionally by permitting favored candidates to address their meetings, but union identification with electoral activity ends there. In the local communities, the officials of the older AFL unions are active in the precinct work, which is the heart of American political activity. There is evidence that despite certain offsetting tendencies, the CIO, too, is moving in the direction of this kind of electoral activity. R. J. Thomas and Philip Murray were delegates to the 1944 Democratic convention. Sidney Hillman was charged with being the power behind the failure of the convention to nominate James Byrnes for Vice President, as the phrase "clear it with Sidney" has memorialized.

Within the AFL, the unions with socialist traditions have not completely reconciled themselves to assimilating themselves into the old political parties. The International Ladies' Garment Workers' leaders made a clean break with the idea of independent political action when they became active in the American Labor Party in support of Franklin D. Roosevelt's second campaign in 1936. The American Labor Party was, in fact, set up for the purpose of getting a kind of support for Roosevelt which would feel uncomfortable voting for him under the Democratic Party emblem. When a coalition of Sidney Hillman and Communists and Communist sympathizers captured the American Labor Party in New York State, David Dubinsky was the most important factor in setting up the Liberal Party. Except for minor offices, the Liberal Party has supported candidates of the major parties. In all instances, the political activity was vigorous, and it differed from the traditional electoral activity only in the respect that it was *labor* activity.

Much the same can be said by way of characterizing CIO electoral activity. Starting with Labor's Non-Partisan League in 1936, and currently

the Political Action Committee, the CIO supported old-party candidates, predominantly Democratic, nationally and locally. The distinctive flavor of CIO came from the energy which was put into the electoral activity, the systematic public relations "techniques" which were used to influence political attitudes, and the unvarnished identification of its electoral activity as "labor" activity.

The CIO Political Action Committee was organized in the summer of 1943 because "the deplorable record of the 78th Congress has brought sharply home to labor the dire results of its political apathy in 1942."[8] In broad conception PAC reflected the high-powered administrative temperament of its moving spirit, Sidney Hillman. More perhaps than any labor leader of comparable importance, Hillman had always demonstrated a great capacity to think in wholesale terms about any project in which he was involved. And from its very inception PAC operated with a sweeping magnificence in all aspects of political activity visible to the naked eye.

It utilized "public relations" techniques on a scale and of a kind completely unprecedented in American labor political action. Some sense of the large-scale public relations operations of PAC in the 1944 elections may be gleaned from the fact that it distributed, or at least printed, 85,000,000 copies of campaign literature, which included 2,000,000 copies of pamphlets, 57,000,000 copies of leaflets, and over 400,000 posters. PAC had a women's section, a Negro section, a students' section, a church section, a radio section, and a press section. To this activity must be added the considerable output of individual CIO unions.

By way of personal contact with the voters PAC urged intensive use of house-to-house convassing: "In any political campaign," according to *What Every Canvasser Should Know,* a CIO-PAC publication, "...you may have mass meetings, radio speeches, leaflets, newspaper ads.... But all of them put together would be wasted without the quiet talk of neighbor to neighbor about the issues and the candidates."[9]

The objective of PAC strategy was first to get citizens to register, on the theory that progressive candidates could win only when a relatively high proportion of the prospective voters were eligible to vote. After registration, PAC, through the CIO international and local union committees, aimed to elect its friends and defeat its enemies. Between the 1944 and the 1946 elections there was no evidence that CIO-PAC as such sought

[8] Report of President Philip Murray to 1943 CIO Convention, quoted in Joseph Gaer, *The First Round* (New York: Duell, Sloan and Pearce, 1944), p. 61.

[9] CIO-PAC, *What Every Canvasser Should Know,* p. 138.

to engage in extraelectoral activity, such as lobbying, except as individual CIO unions carried on their normal lobbying activities. The CIO-PAC was distinctly conscious of the attacks on the propriety of unions engaging in political action, and much of its literature sought to justify political action both to its own membership and the public at large. One leaflet compared political action to collective bargaining:

> The only alternative to a collective bargaining contract, good or bad, is no contract at all. Likewise, the alternative to taking political action is to take no political action and to leave the control of politics up to undemocratic political machines.[10]

In the 1944 elections many sources, both friendly and unfriendly, credited CIO-PAC with an important contribution in electing President Roosevelt. After the 1946 elections PAC received a decided setback, as the vast majority of the candidates whom it had supported were defeated. PAC placed the blame on the reactionary turn of the Truman administration. Others expressed the judgment that the PAC "kiss of death" was one of the elements in the rout of Democratic legislators.

Much of the zeal which characterized PAC activity in 1944 was absent two years later. The response of CIO members to contribution appeals was extremely disappointing, reflecting a state of mind which foreshadowed heavy defeats even in districts and states heavily populated by CIO members – Michigan, for example. In varying degrees the same factors which were sources of PAC's strength in 1944 were noticeably lacking in 1946, to wit, PAC association with a great and popular personality, the cohesiveness generated by a wartime situation, and the availability of the loyal Communist Party members and their followers as the spark plugs in the local election precincts.

The railroad unions have much the same notion of the character of political action as has the PAC. To quote Mr. Keating:

> It hasn't made any difference to them [the railroad unions] whether they were Republicans, or Democrats, or independents. They judged them on their records and then supported them not merely by passing a resolution but frequently by sending organizers into their districts.[11]

A traditional way in which unions have secured labor participation in government has been to require the designation of people from their ranks in the agencies of government as *quid pro quo* for their political support. In the local communities craftsmen's licensing boards – plumbers, electricians, motion picture operators, etc.– commonly include active union

[10] Ohio CIO-PAC, *Should Labor Take Political Action?*, Columbus, Ohio.
[11] Keating, *op. cit.*, p. 38.

officials. In the states, the labor department is likely to be headed by an important union leader. At one time or another, the labor department head in Rhode Island was a president of the State Federation of Labor; in Michigan, a president of the Michigan CIO Industrial Union Council; in Kentucky, an officer of the Brotherhood of Railway Trainmen. In the federal government, at least two of the Secretaries of Labor were union officials, William Wilson and William Doak; currently there is an Assistant Secretary of Labor recruited from AFL ranks and one from CIO ranks. In many instances the trade union movement provides the only source of experienced personnel for government affairs, and such agencies would naturally include a large number of officials with origins in the trade union movement.

As the unions have grown in influence and size, another way in which they have sought to affect government action is through direct labor participation in government administration. This is a reflection as well of a normal desire for status and recognition. The union's concern with labor participation in turn has, of course, been determined by the increasing scope of governmental functions in matters related to union problems.

The most common form of labor participation in the making of government policy has been through so-called advisory committees to governmental administrative bodies. The unions wanted advisory committees because they thought they could in this way influence the actions of government agencies. The government administrators wanted advisory committees either because they honestly wanted advice from the union representatives or because they felt the need for some symbol of popular participation in policy making which might take the heat off them for unpopular measures.

The advisory committee mechanism reached its peak in wartime administration and functioned with varying degrees of effectiveness. In the Office of Price Administration and the War Manpower Commission, the advisory committees exercised a moderate influence on policy because the members were well informed and were supported by a full-time staff on the payroll of the respective agencies. The presence of full-time labor representatives made it possible to maintain a continuous and knowing appraisal of agency policies and to feed the advisory committee members with information which otherwise they could not have obtained. Because the advisory committee members were not on a government payroll and represented influential organizations, it was possible for them to bring to bear some pressure on the administration of these agencies. In the War Manpower Commission, for example, the advisory committee was

able to exert considerable influence against the adoption of compulsory measures in recruiting and holding manpower. It was also true that in both the OPA and the War Manpower Commission, the administrators were not unreceptive to the ideas which the union representatives had to offer. In the case of the latter agency, union representatives were especially active in the regions and areas in connection with appeals from rulings on certificates of availability. On the vast majority of issues considered by the advisory committees, there was a unanimous union opinion.

Labor participation through advisory committees was casual when the union representatives were made up of high-level union officers who met infrequently and had no time or opportunity to give the study and care which the job required; nor was the agency administrator particularly concerned that there was no genuine participation by the unions. The Office of War Mobilization and Reconversion under James Byrnes contained within it an advisory committee made up of representatives from labor, management, agriculture, and the public. Many policies of major importance were undertaken without adequate consultation with the advisory committee, notably, those relating to national service legislation. Another element in the ineffectiveness of this advisory committee was the fact that, for example, AFL and CIO labor representatives were Philip Murray and William Green. With no full-time personnel in the agency, these men were much too occupied with a multitude of other problems to be able to give their jobs the attention which was required.

Another kind of labor participation is evidenced where the unions are given responsibility for a phase of the administrative process, such as in the Office of Labor Production and the Office of Manpower Requirements in the War Production Board. The heads of these offices were men who were chosen by virtue of their standing in, and recommendation by, the AFL and CIO, respectively. These offices were set up, not because of an awareness that there was a job to be done in the WPB and the labor unions were the best qualified to do the job, but rather because the AFL and CIO were influential enough in the highest councils of government so that a demand on their part for some sort of recognition in the WPB had to be listened to with respect.

Both the AFL and CIO were more interested in the symbol of participation in administration than in utilizing labor participation to put through a set of policies positively advocated by the unions. Only on the rarest occasions did the highest levels of authority in the AFL and CIO show much concern with WPB policy, and those were situations in which the issues were rather directly related to union problems, such as national

service legislation and the extent of permissible civilian production. The men from industry who controlled WPB policy regarded the labor offices not as impersonal administrators of a necessary WPB function, but as partisan advocates of a labor point of view. As a consequence, the labor offices were seldom in on the ground floor of policy making and whatever functions were carried on by them were acquired by a process of elbowing themselves in, in hostile territory.

The fact that the unions achieved the status of an equal partner with employers and government in the War Labor Board was inherent in the purpose of the WLB – namely, the establishment of a mechanism and procedure in which labor-management disputes could be eliminated without the sanction of overt compulsion. But their functioning as equal partners was sharply circumscribed by the charter of authority within which the WLB operated, to wit, wartime wage stabilization policy, with its emphasis on minimizing wage increases. There was no discernible difference of any consequence between AFL and CIO representatives in the WLB, and most split decisions found all labor members voting on the same side of an issue, except issues in which opposing claims of AFL and CIO were involved. In the major conflict on the Board, the validity of the Bureau of Labor Statistics cost of living index as a statistical underpinning for the Little Steel formula, R. J. Thomas, then president of the UAW (CIO), and George Meany, secretary-treasurer of the AFL, issued a joint report.

The differences between unions with respect to the utilization of political action are differences only in degree and articulateness. This is another way of saying (1) that no union can function in modern society without seeking in one way or another to influence government; (2) that some unions utilizing government do it as part of a systematic philosophy; others just do it as a matter of run-of-the-mill union activity. Although there are differences in temperament and technique and emphasis in utilizing government, there is little evidence of much difference in the substance of what the unions seek to get out of government. On federal and local domestic government policy, there has been a remarkable unanimity of opinion among labor groups.

[Most of the material in this article, unless otherwise credited, is based on personal observation as an economist in government agencies concerned with labor matters and discussions with union people engaged in political and governmental activities.

The varying ways in which organized labor has viewed its attitudes to government are painstakingly documented in George G. Higgins, *Voluntarism*

in Organized Labor in the United States, 1930–1940 (Washington: The Catholic University of America Press, 1944).

The CIO Department of Research and Education and the CIO Political Action Committee have been prolific sources of published materials on almost every phase of national and economic policy. The AFL is much less articulate in a literary way about these matters, and the annual convention proceedings are the best original source for AFL attitudes. Among CIO international unions, the United Automobile Workers, the United Electrical Workers, the Textile Workers, and the National Maritime Union and, among the AFL internationals, the International Ladies' Garment Workers' Union and the American Federation of Teachers have been the most active in passing judgment on broad public issues.]

MEASURING THE FATIGUE FACTOR

WILLIAM GOMBERG*

EVEN a perfunctory investigation of the field of fatigue study as late as 1940 disclosed that recognized medical authorities and physiological investigators were stating that "... during the past twenty-five years fatigue is still a source of bewilderment to the scientist; it cannot be defined in simple terms and nobody knows how to measure it."[1]

This problem of the relationship of industrial fatigue to time study can best be understood from a review of the historical context within which both concepts were developed.

Taylor, in his classic description of the time study technique that established the foundations of modern time study methods, made a combination factor of fatigue and downtime one of the principal variables in measuring a correct production rate. It will be recalled that this description depicted the measurement of the amount of work that a first-class barrow shoveler should be able to perform during the time of a normal work day.[2] Taylor specified every detail of the man's job, the size of the shovel, the bite of the shovel, that is, the weight of the scoop, the distance that the man was to walk with the loaded shovel, the distance with the empty shovel, the swing of the throw, and finally a specified rest period at regular intervals that the man was compelled to take. In computing the fatigue allowance for the job, the amount of time absorbed by these rest periods, plus downtime, divided by the total amount of time, multiplied by 100, constituted the fatigue-downtime requirement for the job.

It will be noted that fatigue was not separated as an allowance by

* Director, Management Engineering Department, International Ladies' Garment Workers' Union (AFL); Ph.D., Columbia University. Science Research Associates will in the near future publish the author's book *A Trade Union Analysis of Time Study*, which will include this article as a chapter.

[1] C. O. Sappington, M.D., "Developing Fatigue Factors for Time Study Work," *Proceedings of the National Time and Motion Study Clinic* (Chicago: Industrial Management Society, Nov. 8, 1940), pp. 10–13.

[2] Frederick W. Taylor, *Shop Management* (New York: Harper and Bros., 1911), p. 159.

itself but was combined with downtime for nonrepetitive elements to make an over-all combined allowance to which Taylor assigned the letter P in his fundamental formula for shoveling sand. This was really a combined physiological-mechanical allowance. By varying every one of these factors, Taylor established that combination of factors which yielded the maximum amount of material consistently loaded on the barrow by the shoveler. This was very similar to the method that Taylor used to establish the optimum conditions of feed and speed of machines for the cutting of metals. In this latter field, Taylor had been extremely successful; the publication of his paper, "The Art of Cutting Metals," had established his reputation as the foremost thinker in this field and had laid the foundation of modern machine shop practice. The artificial transference of this method from the study of machine tools to the study of the human being presupposed that an adequate measure of worker fatigue would be comparative productivity, provided the human being himself showed no superficially visible symptoms of undue physical strain.

This implicit assumption that an adequate measure of fatigue could be found in the measure of output has persisted in industrial engineering thinking right down to the present day. It has even colored a good deal of the thinking of the persons working in the field of industrial psychology, the foundations of which field were being laid concurrently with those of scientific management by Hugo Münsterberg at Harvard[3] and Catell at Columbia.

Naturally, since Taylor was primarily interested in maximum output, he was interested in selecting those individuals best adapted to a job, those who would yield maximum work and show minimum fatigue. Hence, on the basis of a careful selection of his workers, that is, a carefully stratified sample (to revert to statistical terminology), Taylor was able to set a minimum fatigue allowance. However, the social cost of this kind of efficiency is best understood by a recapitulation of the outstanding characteristic of the workmen's qualifications making up this stratified sample. Taylor stated: "Now one of the very first requirements for a man who is fit to handle pig iron as a regular occupation is that he shall be so stupid and so phlegmatic that he more nearly resembles the ox than any other type."[4] Naturally if we guide the necessities of a fatigue allowance by this sort of selection, the increasing simplification of jobs at one end of the job rating

[3] Hugo Münsterberg, *Psychology and Industrial Efficiency* (Boston: Houghton Mifflin Co., 1913).

[4] Frederick W. Taylor, *Principles of Scientific Management* (New York: Harper and Bros., 1911), p. 59.

scale and the great increases in skill, but decline in number of necessary personnel, at the other end of the rating scale would soon create a society in which only the geniuses and morons would survive. It would make as pretty a picture as Aldous Huxley paints in his *Brave New World.* In setting a fatigue allowance for any task today we must proceed on the assumption that the people whom we find in any task constitute the sample of the statistical population from which we must draw our inferences, unless we can find more adequate tasks for these people elsewhere. This is an unlikely assumption in a labor surplus economy from which we usually suffer.

Practically all industrial engineers carry on this tradition and relate the fatigue concept to a reduced capacity for work: Holmes defines fatigue ". . . as the overuse of the mind or muscles resulting in a lack of energy and an inability to continue a set pace or speed."[5] Schutt[6] does not find it necessary to examine the concept too deeply. He dismisses it with instruction to the reader that a human being is not an automatic machine, and an allowance should be made for fatigue. Exactly what it is, how it should be measured, on what basis the allowance should be made are somehow left to the reader's imagination. There is a reference to the fact that the new engineer should find out what the past practice in the factory on these allowances has been, but somehow no questions about how these allowances were determined in the first place are touched upon.

Shumard, without attempting to define fatigue, implies a definition. He recommends that the problem posited by time study can be solved in one of two ways: either by a direct method or an indirect method. He goes on to say:

> The direct way solves the problem by actually timing the fatigue that accrues from each job as it is encountered. The indirect way relates to the use of general reference data prepared after extensive research on various kinds of jobs. This latter way may in many cases prove to be such a prolonged process that it may not justify the expense involved.[7]

Finally, becoming very practical, Shumard lists a number of rest percentages to be used on various kinds of work, without giving any supporting data to justify his conclusions. Here again the implication is that fatigue is measurable in terms of changes in daily output curves.

[5] Walter G. Holmes, *Applied Motion and Time Study* (New York: Ronald Press, 1938), p. 120.

[6] William H. Schutt, *Time Study Engineering* (New York: McGraw-Hill Book Co., 1943), p. 60.

[7] F. W. Shumard, *A Primer of Time Study* (New York and London: McGraw-Hill Book Co., 1940), p. 241.

Presgrave discusses both directly and indirectly the use of the fatigue concept in his critical evaluation of the time study field. His indirect reference to the concept is made in his evaluation of the Barth-Merrick correction factor as an allowance for combined downtime and fatigue in building production standards from time studies.

Dwight V. Merrick worked out a series of fatigue downtime allowance curves, together with Carl Barth, one of Taylor's earliest and closest collaborators, that have been abandoned by modern time study practitioners. These curves were drawn on the assumption that the ratio of actual time that a worker spent setting up a machine to the machine running time during which the worker was presumably idling or watching the machine was the critical factor in determining what the fatigue allowances should be. These curves were drawn from experience in machine shops, and they therefore show the predominating influence of machine shop practice. The implicit assumption of the division of the work cycle into set-up time, running time, and put-away time is apparent.

The shapes of the curves[8] indicate that these curves were constructed on the evident assumption that the worker was resting during the machine running elemental time. Thus the supposition that the over-all allowance should vary inversely with the percentage of machine running time is not entirely as illogical as Presgrave indicates.[9]

The extension of these curves with some modifications in the basic algebraic formula to garment-cutting operations by Hamburger, who supplies none of the basic data to support his findings, seems to lack any rational base.[10] Garment cutting, to take only one instance, requires more intense attention during the time that the machine is operating than during the laying up of the cloth, the equivalent for the set-up time in the machine shop.

The blind application of the formula developed by Barth, without any thought of its rational base, is what has led astray many practitioners of modern time study.

As the technique was extended to other industries, a subtle but unexpressed change was taking place in the concept of the fatigue allowance. The percentage added to the observed time was no longer understood as an actual rest period but was a compensation for an implied slowdown loosely covered by the term fatigue. This change in concept has persisted

[8] Dwight V. Merrick, *Time Studies as a Basis for Rate Setting* (New York: Engineering Magazine Co., 1919), p. 17.

[9] Ralph Presgrave, *Dynamics of Time Study* (Toronto: University of Toronto Press, 1944), p. 14.

[10] L. P. Alford, *Cost and Production Handbook* (New York: Ronald Press, 1940), p. 563.

down to the present day. It is a subtle recognition that the patterns of industrial operations have changed and no longer require much of the muscular expenditure characterizing jobs in Taylor's day.

However, as Viteles points out, the increased tension of work more than offsets the muscular exertion required previously.[11]

Just how the fatigue allowance should be divided between an allotment for change in pace and a share for actual rest periods remains an open question. Vernon has demonstrated that rest periods markedly improve output even for jobs requiring a minimum of physical exertion.[12] They seem particularly effective on repetitive jobs where they afford a relief from boredom. But here again there is an implied assumption that comparative output is an adequate index of fatigue.

The direct reference made by Presgrave to the allowance for fatigue in the production standard recognizes the necessity for a distribution of the allowance among intermittent rest periods taken by workers in the course of their work, for regular organized rest periods, and provision for the change in pace during the working day.[13] However, he expresses discouragement with the failure to isolate fatigue as a separately measurable phenomenon. His final recommendation that the time study man be relieved of any responsibility for fatigue allowance in his capacity as a rate setter hardly constitutes a solution to this problem. His injunction that the whole problem be tackled by means of organized recesses incorporated into the basic wage payment plan, and thus removed to the province of the wage administrator, is an attempt to solve a problem by transference. (It reminds one of the biologists who thought they had solved the problem of the origin of life on the earth by speculating that it might have come from another planet and been transplanted here by a meteor from interstellar space.)

Ultimately the wage administrator must consult the rate setter on what, in his opinion, the length of the rest period ought to be. If he does not need to solve the problem in his function as a rate setter, he will be called upon to solve the problem in his function as an advisor. In either case, his ignorance of the field will seriously limit his rate-setting function.

Barnes's references to the use of the fatigue allowances for time study discount its importance. After a carefully written chapter on the means for eliminating fatigue in the methods study section of his book, he evi-

[11] Morris S. Viteles, *Industrial Psychology* (New York: W. W. Norton & Co., 1942).

[12] Horace M. Vernon, *The Health and Efficiency of Munition Workers* (London: Oxford Univ. Press, 1940).

[13] Presgrave, *op. cit.*, pp. 201–202.

dently feels that if these directions are conscientiously followed, the fatigue allowance can be completely eliminated from the time study practice in the modern factory, except on the jobs requiring excessive physical exertion. His reasoning is based upon a quotation from the work of Professor Anderson of the University of Illinois, who had spent a year studying the effects of fatigue upon workers in a midwestern factory.

Anderson stated:

> The general and final conclusion of this study of fatigue is, then, to the effect that industrial operations as carried on in a modern, progressively managed manufacturing plant do not subject the workers to undue fatigue, either physical or mental, and that fatigue is not a factor tending to limit production.[14]

Barnes then goes on to state: "There is at present no satisfactory way of measuring fatigue except in terms of reduced output resulting from work."[15]

Lowry, Maynard, and Stegemerten merely mention the necessity of making an allowance for fatigue in terms of necessary rest periods for physically heavy work.[16] No attempt is made to analyze the nature of the fatigue. Its assignment as an allowance is left largely to the judgment of the time study observer. Here again, by implication, the sole measure of fatigue remains comparative output.

Lichtner follows the same reasoning as Barth and Merrick. The fatigue allowance is made a function of the relationship between handling time and machine time.[17] Inasmuch as we are confining our attention in this article to man-paced operations, the allowances granted by Lichtner would be in the higher brackets.[18] Lichtner is not very clear in defining exactly what is being measured and leaves the reader without any clear idea except that a competent analyst should be able to account for fatigue.

Thus running like a red thread throughout the writings of the time study engineers on the nature of fatigue is an explicit or implicit assumption that the gauge to fatigue is the measure of output over the period being studied. Finally, this concept of fatigue has received institutional acceptance from the industrial engineering profession by its incorporation into an authoritative production handbook. The latest edition of the *Cost*

[14] Ralph M. Barnes, *Motion and Time Study* (New York: John Wiley & Sons, Inc., 1937), p. 280.

[15] *Ibid.*, p. 280.

[16] S. M. Lowry, H. B. Maynard, and G. J. Stegemerten, *Time and Motion Study and Formulas for Wage Incentives* (New York and London: McGraw-Hill Book Co., 1940), p. 253.

[17] See note 8, *supra*.

[18] William O. Lichtner, *Time Study and Job Analysis* (New York: Ronald Press, 1921), pp. 209–217.

and Production Handbook defines fatigue as "... that effect of work upon an individual's mind and body which tends to lower his rate or quality of production or both from his optimum performance."[19]

The industrial psychologists have taken over this definition of fatigue from the engineers and have performed a great many experiments to determine the fatigue output curve of a wide variety of jobs.[20]

Some psychologists and physiologists have tried to probe a little more deeply. Attempts were further made to correlate declines in productivity with some physiological and psychological function that could be measured objectively. Personal inquiries of the Harvard Fatigue Research Laboratory, made as late as 1944, elicited the information that no physiological changes of any significance could be detected in factory workers employed on average tasks during a working day. They excepted especially difficult physical tasks where metabolic changes could be detected, similar to those observed on a subject pedaling a bicycle type of laboratory apparatus. This severe strain characterizes comparatively few industrial tasks today. No physiological changes could be detected as a result of mental fatigue.

This information is particularly significant when we consider the interpretation of the fatigue hypothesis first examined by Roethlisberger of Harvard. After examining the relay assembly findings, Roethlisberger concluded:

> ... There is no evidence in support of the evidence that the increased output rate of all these operators during the first thirteen experimental periods was due to relief from fatigue. This hypothesis, which at first seemed plausible, had to be abandoned.[21]

This conclusion was based upon the assumption that relative output was a measure of fatigue. While it is true that there was some attempt to check these measures against blood pressure tests and vascular skin reactions for some objective measure of fatigue, the crudity of these devices is reflected in the lack of consideration extended to them from the Harvard fatigue laboratories.

It may very well have been that the initial improvement in productivity did represent a relief from fatigue, but that the subsequent failure of production to reach its old low levels when rest pauses were removed was caused by some more dominant force than fatigue itself or some fa-

[19] Alford and Bangs, *Cost and Production Handbook* (New York: The Ronald Press Co., 1944), p. 493.

[20] See work of Wyatt, Weinland, *et al.*

[21] F. J. Roethlisberger and W. J. Dickson, *Management and the Worker* (Cambridge: Harvard University Press, 1939), p. 127.

tigue-compensating medium. Meanwhile, until a more objective measure of physiological tax is developed, we are justified in drawing no conclusions about the effects of fatigue in the Hawthorne experiment. To measure fatigue in terms of output and conclude that the output changes are not caused by fatigue is confusing.

Thus it becomes increasingly obvious that this restriction of the index of industrial fatigue to the rate of output was highly artificial. After rather extensive experimental work, investigators of the British Industrial Health Board, successors to the Industrial Fatigue Research Board, eliminated fatigue from their title in 1930, because of the confusion that had grown up around the concept. This was the final acceptance of Musico's conclusions by the board.[22] He had written as early as 1921 that the concept of fatigue should be entirely eliminated from the scientific discussion of industrial work. The shortcomings of comparative output as an index of the fatigue stress on the human organism have been apparent to many investigators. Poffenberger of Columbia demonstrated that onerous task accomplishment could be maintained at a very high level under an attractive enough incentive of the environmental factors despite the deterioration of the worker's subjective feelings in the matter.[23] The indices of the feelings made themselves apparent by the use of profanity and threats to leave the job.[24]

Viteles tends to dismiss these subjective feelings on these grounds as a poor indicator of fatigue.[25] Yet later studies, particularly the famous Hawthorne experiment, led one of its investigators, G. A. Pennock, to conclude that "...the mental attitude of the operator toward the supervisor...is probably the biggest single factor governing the employee's efficiency."[26] Thus the subjective feelings in this case were a primary index of fatigue, if the index of fatigue is keyed to comparative productivity.

The utter confusion to which the output index of fatigue leads is brought out by contrasting the work done and conclusions reached by the physiologists on the one hand and the industrial psychologists on the other.

Lehman in his studies on the finger ergograph indicated that the normal type of individual shows a regular load curve decrease with the incidence of fatigue. His emphasis is on the gradualness of the process.[27]

[22] Viteles, *op. cit.*, p. 457.
[23] See A. T. Poffenberger, *Principles of Applied Psychology* (1942), p. 112.
[24] *Ibid.*, pp. 134–135.
[25] Viteles, *op. cit.*, p. 457.
[26] Alford and Bangs, *op. cit.*, p. 494.
[27] Viteles, *op. cit.*, p. 444.

Mayo, on the other hand, points out that current business theory had erected its wage structure on the assumption that work is something taken out of the individual in gradual increments and that wages are paid to him for this vaguely conceived loss. This, of course, is the root idea of the industrial fatigue concept. However, Mayo argues: "... The disaster is not slowly continuous as the wage theory implies; once it has appeared, the individual is rapidly forced to stop work." Of course, implicit in this conclusion is an acceptance of the performance or rate of output as the fatigue index.[28]

As we have seen, Mayo's conclusion naturally follows from the treatment of the fatigue concept in the Hawthorne experiment with which he was so intimately associated.

Tiffin attempts to solve this problem by redefining the fatigue concept into three separate categories.[29] He defines three different kinds of fatigue: physiological, psychological, and industrial.

Industrial fatigue is defined as whatever changes occur in the person that result in decreased employee production. The reader is expressly warned that this concept is independent of and unrelated to the other fatigue concepts which have their own measurement criteria.

Tiffin states:

> Fatigue is important in industry not to the extent that it involves physiological changes in the muscles, or feelings of boredom on the part of the employees, but, rather to the extent that it involves on a long term or short term basis a reduction in the employee's efficiency on the job. The industrialist, therefore, defines fatigue as whatever changes occur as a result of work that results in decreased employee production. ... Just as the physiological and psychological definition of fatigue do not agree with one another, so also the industrial definition does not always agree with either of these two.[30]

Now there can be no argument with the logical formulation of such a concept. However, any attempt to relate such an artificial logical formulation to the live industrial picture is of extremely limited usefulness. The pioneers of the scientific management movement always protested that the rate of speed which they recommended was not so excessive as to injure the health of the worker. The artificial exclusion of physiological and psychological considerations from the area of industrial fatigue opens the whole method of measuring production standards to suspicion.

[28] Elton Mayo, *The Human Problems of an Industrial Civilization* (New York: Macmillan Co., 1933), ch. i.

[29] Joseph Tiffin, *Industrial Psychology* (New York: Prentice-Hall, Inc., 1942), p. 217.

[30] *Ibid.*, p. 219.

Tiffin himself is evidently aware of the extremely limited usefulness of his own definition of industrial fatigue when he describes the experimental results of Arps which parallel the findings of Poffenberger: that the constancy of output is maintained despite the deterioration of the worker's subjective feelings, previously described. Arps found that a production curve can be maintained at a fairly high and constant level if incentives are sufficiently strong, even though physiological measurements indicate an unwise or extreme expenditure of energy.

It was this type of confusion that led Musico to recommend, as early as 1921, the abandonment of the fatigue concept.[31] Pointing to the wide number of interfering factors, such as motivation, he frankly doubted that any such objective measure as a fatigue test was possible. As late as 1944, Professor Ryan of Cornell pointed out that when we attempt to overcome the irrational linking of output to fatigue by defining fatigue as a reduced capacity to work, we are left without an adequate experimental procedure.[32] He expressed the fear that our common usage may have led us to assume the existence of an entity where none exists.

Bitterman suggests a new measure of fatigue that would overcome the interfering influences of motivation and other extraneous factors. He proposes the invention of a new measure, the ratio of performance to expended effort, as an index of fatigue. However, he does not make clear just what his objective measure of effort would be and how it would be subjected to an experimental procedure.[33]

A completely new approach to the fatigue problem seems to have been developed by two American physiologists, Hudson Hoagland and Gregory Pincus of the Worcester Experimental Biological Station, Shrewsbury, Massachusetts. The distinct approach made by Hoagland in attempting to solve the problem of fatigue can best be understood by a study of the basic observations with which he begins the development of his theory. He says:

> Man together with other vertebrates has developed some elegant automatic mechanisms for regulating the physical and chemical properties of his blood and body fluids. *The relative consistency of one's internal environment* in the face of external stress and change is characteristic of such factors as blood

[31] B. Musico, "Is a Fatigue Test Possible?" *British Journal of Psychology*, XII (June, 1921), Part I, pp. 31–46.

[32] T. A. Ryan, "Varieties of Fatigue," *American Journal of Psychology*, LVII (Oct., 1944), pp. 565–569.

[33] M. E. Bitterman, "Fatigue Defined as Reduced Efficiency," *American Journal of Psychology*, LVII (Oct., 1944), pp. 569–573.

volume, blood sugar, *hydrogen ion* concentration and salt content of the body fluids.[34]

This approach is distinguished from those of all predecessors who have tackled the fatigue idea. This difference can perhaps best be understood by an analogy with a steam engine. Let us assume that a mechanical engineer wishes to study the stress characteristics of a steam engine whose speed is controlled by a centrifugal governor. Forgetting all about the governor, he proceeds to impose a load of a fixed number of foot pounds upon the engine, records the machine speed, then, in successive fixed increments, he increases the load upon the machine, matching machine speed against each successive load increment. Finally, he imposes a load upon the engine so far beyond its designed capacity that the engine just breaks down. He then concludes that the wear and tear upon the engine is independent of the load imposed, until the time when the load becomes so high that the engine fails to function.

The fallacy of the argument is at once apparent to any trained engineer or, for that matter, to any alert mechanic. Despite this, is not a similar fallacy basic to the reasoning of most students of fatigue?

The competent engineer in the study of the engine cited above would at once reply that we have taken a fallacious indicator of machine wear and tear. In all likelihood, he would recommend a metallurgic study of machine parts subjected to wear. How well do these various parts maintain their dimensions after a sustained period of carrying a fixed load? How well does the metal resist crystallization or softening under the temperature to which it is subjected? Quite obviously the speed is no indicator of wear and tear on the mechanism. It is held constant by the governor until the machine load is beyond its rated capacity.

Now while it is possible to disassemble the parts of a machine and put them together again so that the machine will suffer no ill effects, certain biological limitations prevent us from making a similar study of human beings. Thus fatigue students have been attempting to analyze the phenomenon with somewhat disappointing results. The physiologists have been measuring functional indicators, most of which have remained constant under body stress until a sudden pathological breakdown takes place. Thus Mayo's misinterpretation of the fatigue phenomenon becomes understandable.

It remained for Hoagland and Pincus to look for the solution of these fatigue problems in the governing apparatus of the human mechanism.

[34] Gregory Pincus and Hudson Hoagland, "Adventures in Biological Engineering," *Science* (July 28, 1944), p. 63.

After extensive physiological investigation, both Hoagland and Pincus came to the conclusion that the measure of physiological stress lay in the excretion of the breakdown products of the endocrines secreted by the adrenal cortex. These compounds were known as 17-keto steroids.

It will be recalled that Mayo[35] made much of the fact that no measurable degree of fatigue had been developed biologically until the pathological breakdown point in the human being appeared. But here we see at once that the fatigue buildup may have been cumulative though invisible. All our biological methods thus far failed to penetrate the governing mechanism of the human body. Though some of the work of Hoagland and Pincus attempted to prove results by correlating output with keto-steroid excretion, one particular experiment with two sets of aviators seems to indicate a more objective measure of fatigue than has hitherto been available.[36]

The keto-steroid excretion of two sets of aviators was measured, one set a regular Army group, the other a group of Pratt and Whitney test pilots. The percentage of time that each of the groups was in the air was measured. This is presumed to be a measure of stress on the individual. It is very similar to industrial tasks in that it does not call for great physical exertion but does call for some mental stress.[37] The results, expressed in a graph, correlated the percentage excretion of keto-steroid of the regular group of pilots with percentage time in the air. The data represent readings on 18 subjects for 152 flights. The correlation coefficient between percentage time in the air and keto-steroid output is 0.9978 plus or minus 0.01.[38] Another figure portrays a comparison of the regular group of pilots with the test.[39] Note that the group variation is practically parallel but at a higher level. This very logically accounts for the added stress on the test pilots.

Similar keto-steroid studies of industrial workers are being undertaken at the time that this article is being written. There is every reason to believe that this concept can be extended to industrial workers. A companion experiment that throws some light on the effectiveness of keto-steroid output as a measure of industrial fatigue has already been performed. In the course of their experimentation upon the aviators, both

[35] This interpretation has been checked in an oral interview with Professor Hoagland who vouches for the soundness of this interpretation of his findings. See Pincus and Hoagland, "Adventures in Biological Engineering," *Science* (July 28, 1944).

[36] Gregory Pincus and Hudson Hoagland, "Steroid Excretion and the Stress of Flying," *Journal of Aviation Medicine* (Aug., 1943), pp. 3–23.

[37] *Ibid.*, p. 16.

[38] *Ibid.*

[39] *Ibid.*

Hoagland and Pincus were thinking in terms of some remedy for the physiological tax imposed upon them by their work. A new compound, Delta 5 pregnenolone, was developed, which it was assumed would compensate for the loss of the steroids from the body. This new compound was tried out on the group of aviators and its positive results are described in the *Journal of Aviation Medicine*.[40]

The manner in which this pregnenolone works may be interpreted in two ways. If the steroids are actually a bodily substance which when low shows itself in symptoms of fatigue in the same way that a food shortage of the body would make itself felt in hunger, then the replacement of the steroids by this pregnenolone supplies a bodily need that overcomes fatigue. If, on the other hand, the steroids are interpreted as governor mechanisms charged with giving out warnings when the body is being overtaxed, then the replacement of the steroids by the pregnenolone acts as a mere stimulant.

Hoagland and Pincus have administered this pregnenolone to a group of industrial workers to determine its effects.[41] The study was made on a group of eight men and four women workers who were receiving piecework rates turning out bayonets on turret lathes. The entire group was under the impression that they were being given a new vitamin type of pill. Actually they were given a plain placebo pill during one period and the pregnenolone pills during different periods. Both pills tasted the same so that motivation was eliminated as a possible source of variation in production. The tabulated results follow:[42]

It will be noted from the figures that the increases under the influence of pregnenolone exceed the increases when the placeboes are administered. The placeboes cause an increase in productivity beyond the level when no drug is administered. The reason for this may be interpreted as the result of a new social situation similar to that of the relay room of the Western Electric experiment. The difference, however, in production between the administration of pregnenolone and placeboes can be traced to the steroid replacement. This experiment is not so important to the purpose of this article in showing what the affects of pregnenolone are as it is in adding evidence to justify the use of keto-steroid output as a measure of industrial fatigue.

[40] Gregory Pincus and Hudson Hoagland, "Effects of Administered Pregnenolone on Fatiguing Psychomotor Performance," *Journal of Aviation Medicine* (April, 1944), pp. 1–19.

[41] Gregory Pincus and Hudson Hoagland, "Effects on Industrial Production of the Administration of Delta 5 Pregnenolone to Factory Workers, I," *Psychosomatic Medicine*, VII (Nov., 1945), no. 6, pp. 342–346.

[42] *Ibid.*, p. 343.

The mean daily bayonet production in the two groups of workers.

Group No.	No. Oper.	Medication	Week No. 1	Week No. 2	Week No. 3	Week No. 4	Week No. 5
1	6	None	121.0	124.5	128.5	134.7	——
2	6	None	128.7	128.5	131.0	134.4	——
1	6	Placebo	132.2	150.3	154.9	150.0	——
2	6	Pregnen.	139.8	152.1	155.7	149.1	——
1	6	Pregnen.	147.2	153.1	157.9	159.5	158.1
2	6	Placebo	144.5	157.0	148.3	150.1	151.7
1	6	Placebo	163.8	143.2	131.4	157.7	——
2	4	Pregnen.	161.8	165.8	158.6	159.2	——
1	5	None	143.4	143.5	150.1	146.7	——
2	4	None	144.3	148.8	155.5	145.4	——

Should these results be as positive industrially as they are in the aviation field, then industrial engineers will be able to get actual objective measures of fatigue under industrial conditions. The only equipment that is necessary in the factory for carrying out a series of tests of this nature is a receptacle for gathering urine at fixed time intervals. Correspondence with the Messrs. Hoagland and Pincus during March, 1946, disclosed that there is an even simpler technique of detecting these fatigue products through an ear lobe test, thus dispensing with the inconvenience of collecting urine receptacles. All that is necessary in this new test is that the ear lobe be pricked for a blood specimen at fixed time intervals.

Thus in summarizing the effects of the physiological sources of variation on the constant chance cause system, we find that there is very little that we know. A great deal of work has been done that is tautological in character. This has been the result of attempting to measure the physiological work tax in terms of relative output. The new development by Hoagland and Pincus will require more industrial applications before we know more about its possibilities of application. Meanwhile we must confess that we have no way of knowing exactly how the physiological effects of work affect the requirements of a sound production standard.

Once we have developed an objective measure of physiological tax, then a great many other problems will open up in terms of the long-run effects of work upon the man in the man-machine system. Effects of work upon the aging process, upon the general health of the worker are all problems that may be opened up and lead to the development of new criteria in setting a production standard.

DISCUSSIONS AND COMMUNICATIONS

The Murray Report on Small Business[1]

"THIS SICKNESS doth infect the very life-blood of our enterprise." Shakespeare's words might well have referred to the profound weakening of competition which has occurred in so much of industry in recent years. The continuous trend to monopoly in the American economy, like the continuous extension of completely managed economic systems throughout the world, has led many observers to the conclusion that the age of enterprise is over. In fact, with something closely resembling economic fatalism, the conclusion seems widely accepted today, even in the United States, that we can no longer hope to sustain the basic conditions of a free economy in a world of planned states or prevent our own internal development from approaching more and more closely the form as well as the substance of a managed economic system.

The late Mr. Justice Holmes once said that the inevitable comes to pass through effort. Quite often, however, what seems inevitable results not from effort but from its absence. In effect, if free enterprise does fail and disappear from the American economic scene, it will be because the American people have permitted it to fail by forsaking their vigilance in the protection of economic liberty, or by allowing excesses to damage its vitality beyond repair.

In summary form, this message is the entire thesis of the report on *The Future of Independent Business* prepared by the Small Business Committee of the United States Senate. In many ways this report is one of the most concise and effective statements which any governmental source has made of the present significance of monopoly to the American economy. By the same token it sets forth with a clarity unusual in either public or private studies the urgency of the difficulties which lie in the path of independent enterprise in the years immediately ahead. With little equivocation, it describes the alternatives which we can expect if monopoly continues its triumphal progress. Finally, by the force of its facts

[1] *The Future of Independent Business: Progress Report of the Chairman to the Members of the Committee of the Subcommittee to Study Problems of American Small Business.* United States Senate, 79th Congress, 2nd Session, Senate Committee Print No. 16, January 2, 1947. Washington: United States Government Printing Office, 1947. 379 pp.

even more than by the accuracy and thrust of its recommendations, it calls upon industry, government, and the public to stand once more at the breach which has been made by monopoly power in the citadel of free markets.

The report cuts to the bone immediately when it says that the United States is "the only great country still functioning under an economic system committed to expressing the initiative and ingenuity of a free people, where the property used in production is privately owned and the profits made from that use are distributed among private citizens." We are reminded that in the aftermath of war and in consequence of an economic crisis which has lasted for a generation, "in every other major nation on earth the capitalists and business men have either been reduced to a condition of badgered political impotence, or they are dead." We are also told bluntly that the core of competition which made our industrial system the greatest productive unit in the world has been so rapidly subjected to such increasing pressure by the concentration of economic power and the multiplication of monopoly restrictions that independent economic initiative, as manifested in the emergence and development of new enterprise, is dangerously close to obliteration in many major sectors of industry. If this essence of our traditional economic life does not survive, it becomes highly questionable how long the other freedoms which it nourishes can be sustained.

The report is divided into a number of short but penetrating surveys of the elements which are involved in any significant attempt to replace the present monopolistic pattern of much of industry with effective competitive incentives and techniques. After reviewing some of the information compiled by the TNEC, the report summarizes the effects of the war on the structure of American industry, and calls attention to the alarming increase in the rate of mergers since V-Day. The effects of tacit price-fixing agreements, and the even more widespread rigid price policies, which place a floor under prices but no ceiling, reflect in the Committee's opinion the deep shift which has occurred in the supposedly free markets of the nation. The number and scope of the problems which confront the enforcement agencies of government in their attempts to apply the antitrust laws, the reasons for the inability of both the Antitrust Division and the Federal Trade Commission, equipped with relatively minuscule staffs and paltry resources, to cope with tasks of immense magnitude, and the inadequacy of the aids and services which government supplies to small business are all explored.

There is an abundance of specific data concerning recent antitrust cases, recent investigations by the Federal Trade Commission and an analysis of various proposals which have been made, not simply to eliminate barriers to enterprise, but to enhance the opportunities for new

industries to develop. The section on regional development is especially good, as is the section on small business and foreign trade. Some sections, unfortunately, give evidence of hasty preparation and the desire to include everything, at least by mention, rather than to analyze fewer issues thoroughly. There is one general criticism of the report which perhaps inheres in government products of the type: it lacks continuity and it is very difficult for the reader to pass in a logical sequence from the statement of the problem to consideration of the remedies, which are scattered throughout the text. These qualifications are minor, however, in light of the service which the report performs in assembling a wealth of incisive information within a comparatively small compass.

Altogether this report offers some fifty recommendations "calculated to arrest the damaging growth of monopoly big business and give independent business an equal and fair chance to start, survive and grow strong in a competitive atmosphere guaranteed by our democratic Government and its safeguarding institutions." These recommendations cover a very great range. It is urged that some of them are long overdue and that in any event "the evils they seek to correct have already gripped our economic system in what may prove to be a death struggle." In particular the recommendations of the TNEC are recapitulated and underscored with an effect even more telling than when they were originally stated, because the economic consequences of the war have aggravated the concentration of industrial control as far as can be determined from immediately available sources. This consideration leads Senator Murray to say in his introduction that "The most important single recommendation I can make, growing out of these six years of intimate study of the problems of American small business as Chairman of the Senate Small Business Committee is that the Congress enact immediately legislation providing for the continuing special investigation of economic concentration."

Most of the suggestions which the report offers are designed to serve a dual function in providing positive assistance to the organization of independent business and at the same time decreasing the extent of the domination now exercised by monopoly groups. Not only does the report call for a new Department of Small Business to disseminate the knowledge of opportunities and possibly to assist smaller concerns in obtaining capital, technical information, priorities, and similar ignition aids, but it is insisted that small, new concerns cannot be kept running unless they are assured of freedom from reprisal by the blocking tactics which larger industrial rivals can bring to bear. Among the specific proposals are increased appropriations for the Antitrust Division and the Federal Trade Commission, the amendment of Section 7 of the Clayton Act to prevent mergers, the outlawing of certain basing point techniques, the reorganization of the patent system, the adoption of a federal incorporation law, better

representation for the legitimate complaints of small business, special attention to the problems of regional development and transportation, the opening of larger segments of foreign trade to small exporters, and careful scrutiny of the disposal of surplus war plants.

It is perhaps already too late for some of these measures to influence very greatly the postwar contours of industry. There would seem little question, however, that the opportunity which the end of the war opened for this country to choose among shapes of things to come in its industrial future has not been entirely dissipated. By this time it is perhaps less of an opportunity than a chance—a second chance and possibly a final chance — to direct the course of our industrial development toward decentralization, deconcentration, and, ultimately, a far more enterprising industrial community than that which now exists.

In some respects, the most important contribution which this report itself makes is to indicate how badly we need a running inventory or, better, a continuous motion picture of our economy in action. The kaleidoscopic cross-section of our economy's structure, its complex and intricate functioning, and its relation to the rest of the world, which the report sets forth, give us little more than flashing glimpses of the immense reality with which it deals. For example, despite all that this report says about industrial concentration, it does not provide a satisfactory answer to the question, "How much concentration is there and how do we measure it?" This defect is common to much of current economic analysis, both on the theoretical and presumably realistic levels. If, for instance, we examine some other recent studies, such as *Economic Concentration and World War II* (Report of the Smaller War Plants Corporation to the Special Committee to Study Problems of American Small Business, U. S. Senate), or *The United States Versus Economic Concentration and Monopoly* (the report of the Kefauver Committee), or the report of the Federal Trade Commission on *The Present Trend of Corporate Mergers and Acquisitions,* it is obvious that concentration is not simply a relative term; it is so elastic as to be without precision or value in application.

When it is said, for example, that concentration is increasing, we may be merely reflecting a generalized impression of growth and integration. This impression may be completely valid, but it does little good to reiterate it unless we are able to set up some standards of measurement. Otherwise, even short-term policy remains on a philosophical par with the metaphysical physicist who, despite all the vast machinery at his command, is forced to the conclusion that something unknown is doing something unknown.

Legal criteria, whether in the form of the rule of reason or the recent trends of decision by the Supreme Court, are effective as far as they go. Even though the metrics of concentration may be unsatisfactory, it is

possible legally to weigh enough of the tangible attributes of monopoly on a case-by-case basis to bring about substantial alteration in our approach to the problem. Thus, in consequence of the tobacco decision,[2] the acquisition and maintenance of power to bar competition are illegal even though the power is not wielded, given the intent to exercise the power when desired.

Pragmatically also, independent businessmen, aside from whatever judgment they may entertain concerning the attractiveness of one field or another, generally have a keen perception of the unwritten system of taboo which bars entry into many fields. If their discernment is lacking, experience soon sharpens it. Since, from the practical standpoint, what matters to the venturer in industry is whether he can enter a field at all, the rule-of-thumb test of monopoly is the number and character of the road blocks contrived to prevent entry or to trip those who would poach upon a closed field.

Here, however, is another area in which either the data available are insufficient or not thoroughly analyzed. It is easy to see the significance of the test of entry when we contemplate the history of the aluminum industry or of the glass-container industry. In both of these fields, after decades in which no new producers had come forth, new entry either has occurred or is now possible as the result of successful antitrust litigation and the consequences of wartime demand. It is much more difficult, however, to assess probable or desirable rates of entry in the numerous industries which follow a "big three" or "big four" pattern. Characteristically, in many of the major branches of production a few companies, usually less than six, account for the bulk of output and sales. Their behavior vis-a-vis each other and the interplay of their policies compose the subject matter of much of the theory of monopolistic competition. But the rarefactions of monopolistic competition theory are comparatively sterile in the analysis of industrial genetics. Hence, the much more important problem of explanation of the why and the how of the development of the "big few" and of their effects upon potential new producers is seldom attempted. It may be remarked parenthetically that many of these same criticisms of current monopoly analysis apply to those sections of the report which discuss efficiency, size, decentralization, and similar questions.[3]

[2] *American Tobacco Co. et al.* v. *United States,* 147 F. (2d) 93 (C.C.A. 6, 1944), affd. 328 U.S. 781 (1946).

[3] As Donald Wallace has said, "More intensive study of the relation between size and efficiency and progressiveness is of crucial importance. We have little more than vague knowledge about the extent to which monopoly elements would be lessened if all firms were of the minimum size necessary for maximum efficiency, although there is reason to think that the diminution would be appreciable....A large amount of basic economic information about a large number of industries is manifestly necessary. We should have a grand taking of stock of the experience of many industries in the post-War period. Investigations by individual students and research foundations into the particular problems raised here suffer from the meagreness of pertinent information. There is need for a new edition of the Industrial

Even though the report does much to assist us in grasping the form of the transition through which the American economy is passing, it is not so much any group of facts or any particular legislative program which invites discussion. Rather the questions which the report poses concern the sincerity of adherence to free enterprise and the actual type of economic system which, consciously or unconsciously, this country is creating.

As control is pyramided over available sources of raw materials, over research facilities, technology, and know-how, over the navigable streams of distribution, and over the sources and flow of credit, it becomes more and more "logical" to accept the results as the product of "natural" industrial evolution. The division of vast sectors of production and research among fewer and fewer powerful groups seeking to minimize risk, change, and competition, or the imposition of "order" upon "disorderly" competitive markets, may originate in the consciousness of kind among monopoly groups. Gradually, however, resignation to the withdrawal of industrial opportunity occurs. Small firms in an industry, if they are tolerated, become accustomed to niches in a hierarchy and the business community at large habitually regards this branch of production or that as having been shut off to newcomers. What happens can be described as an attempt to maintain private enterprise while abandoning competition, a feat which cannot be performed for very long without inviting the very consequences which it is intended to prevent – extreme instability and an increasing temptation to invoke external controls.

Whatever may be said about an industrial order of this type, whether we construct upon it an economic theory of stagnation or maturity, or whether we view it as a halfway house on the road to some particular form of complete planning, it cannot be called capitalism, classical or modern, with any honesty of definition. Freedom of enterprise may be workable today on an even wider scale than when it was originally proposed and developed as the successor to feudalism and mercantilism. Even though geographical opportunities may have been explored to exhaustion, it is doubtful that industrial opportunities are anywhere near the vanishing point, especially when we take into account the character of technological change and the very large number of potential services and products which would be required to expand production to anything like an optimum either for the American economy or the world economy. Of much of free enterprise it is possible to say what Lionel Robbins has said of liberalism: it is "not a plan that has been tried and failed. It is a plan that has never yet had a full chance."[4]

Commission empowered to plan and carry through an extensive investigation and provided with legal authority to acquire the necessary information" ("Monopolistic Competition and Public Policy," in *Readings in the Social Control of Industry* [The Blakiston Company, Philadelphia, 1942], pp. 273, 277–278).

[4] L. C. Robbins, *Economic Planning and International Order* (Macmillan, 1937), p. 233.

To contemplate modern technology, even in its present setting, compels the conclusion that it is not an absolute paucity in the number of opportunities for new industries or new products or new techniques which has made industrial economies appear to have reached the apogee of growth; rather, it is a pervasive belief, conditioned by the experience of depression and augmented by the practice of restraints, that industrial frontiers no longer exist that has created economic apathy in the western world, and particularly within certain segments of the American economy.

War accentuated the stratification of intra- and inter-industry groups, with the result that throughout the period of reconversion, although the numbers of new entries have been superficially large, many of them are in the class of ephemeral gadget makers. New manufacturers, in particular, have experienced great difficulty in already well-populated or tightly controlled fields both from shortages and from an extreme inflexibility of the relationships among already established producers.

In one or two cases, where, almost as the result of historical accident, monopoly power has been unable to foreclose entry, new ventures have occurred. Perhaps the best example is the automobile industry, in which several new producers, thanks to the almost forgotten episode of the breaking of the Selden patent, have been able to enter manufacture, albeit at some financially precarious odds. What their fate will be or what the fate of new aluminum producers will be, only the passage of several years will determine. Yet, all told, the number of such new enterprises is few and scattered. In fact, it can be said for only a handful of large-scale industries that there is still room for something like competitive behavior, as long as control of one market after another by monopoly arrangements is accepted as a *fait accompli.*

Empirical exceptions, however, have only a peripheral value against the strongly persuasive argument (for instance, that which Professor Schumpeter sets forth in his *Capitalism, Socialism, and Democracy)* that our economy must ineluctably become a complete system of big business with no room for independent enterprise. In the present situation it is even more difficult to refute the thesis that our economic destiny is writ large in terms of industrial combination, and small in terms of the intensification of control within fewer and fewer interest groups until we pass into collectivism. It must be admitted that the analysis which tells us that we may as well accustom ourselves to monopoly and eventually to its regulation in accordance with some benevolent managerial organization of economic life can be met only by demonstration. Although the possibility of such a demonstration rests upon a more exact understanding of the nature of our technology than that which is displayed by the advocates or forecasters of economic planning, the deeper obstacle is an unwillingness on the part of government or the industrial community or organized

labor to adapt their aims to the requirements of industrial flexibility.

It is only necessary to reflect upon the reversal of direction which would be involved in any full-scale attempt to apply the recommendations of this report to appreciate how far we have come from the application of competitive principles. On the plane of policy, the approach to problems of boom and depression may continue to be based upon short-term considerations of a political economy which is much more political than it is economic. As long as expedient formulas are invoked rather than efforts to create the conditions of a long-term expansion of enterprise, all that can be expected is an extension of the process of muddling through. If it is urged that the long run is too long to guide mortals in economic decision, it must, nevertheless, be recognized that a cumulation of short-term measures such as those we had after World War I compels us to cope with eventual consequences in the form of misdirected production, torpid aggregations of entrenched interest, and the displacement of competitive economics by the economics of control. In turn, these consequences vitiate the effects of temporary stimuli, so that when the cloud of a recession does appear over the horizon, far more drastic measures are necessitated than those which would be needed if the fundamental flexibility of the economy had been maintained. Even the consequences of war would be more easily absorbed were it not for the results of what may be called the short-run fallacy of economic policy. The recommendations incorporated in this report are for the most part commendable on this score if no other — that they recognize the long-run rather than the short-run program.

A few words should be said concerning the discussion which is presented of the patent problem. The report fails to distinguish what would seem to be a critical difference between the legitimate privileges which a patent conveys and the ways in which patents have been misused. Moreover, there is almost no mention of the way in which recent court decisions have tended increasingly to place very definite limits upon the manner in which patents may be employed and to emphasize that, as an exception to the general rule of law set forth in the Sherman Act, the patent privilege or franchise must be narrowly construed. In addition, there is every indication that under the pressure of tremendous technological change, a basic alteration is occurring within the government's own policy toward research and toward patents developed in that research. In effect, the position of the executive branches toward patents stemming from general scientific inquiry conducted by public agencies is that nonexclusive licensing for commercial purposes will be employed wherever possible.[5] This is indeed a sharp turn from prior practice, and it is likely to have an

[5] The Attorney General in a report to the President has recommended a drastic revision of federal patent policy to require government ownership and nonexclusive free licensing of publicly financed scientific experimentation. Cf. "Investigation of Government Patent Practices and Policies," U.S. Department of Justice, 1947.

increasing effect upon the way in which even closely knit industries conceive and execute patent policy, as the extent of technical relations between government and industry increases. Even without this departure on the part of government, however, judicial recognition that the limits of the patent, especially when it is part of a pool, must be unmistakably marked, can go far to remove the major abuses of which the Antitrust Division and many Congressional committees, as well as numerous independent industrialists, have complained. Some of the recommendations made in the report would, in the reviewer's opinion, completely nullify the point of having a patent system at all.

The real problem which the patent, "the most important legal device in the modern world," poses to our economy arises from the prevalence and effects of abuse to which patents in combination have been subjected. The proposals which the report advances do not touch this central problem. They appear to advocate, in the section on "Reorganization of the Patent System" and in the bill to set up a new patent administration, a system of compulsory licensing, which would not even be as useful or as feasible to the economy as is the private system of pooling and cross-licensing which now exists. It would require too much digression to examine in any detail the terms and objectionable features of the proposed bill. Some patent legislation to streamline and modernize the administration of our patent system is, of course, necessary. Such legislation should follow, rather than precede, the determination of the rationale of national policy toward science and research. Moreover, variations of compulsory licensing should be very thoroughly explored before they are recommended or adopted, lest they contravene their own purposes. It is quite conceivable, for instance, that in its present form the compulsory licensing provisions of the bill proposed in the report would work havoc among smaller concerns whose existence rests upon patent protection.

Withal, the conclusions which may be drawn from this report are indeed gloomy. A postwar recession of any depth will carry away on the tide many of the gains which small and independent business has made, few as these are. To those who believe that the whole current of economic events abets industrial concentration, independent business is flotsam on the wave of the future. Yet there are encouraging signs that the public is not entirely indifferent to the fate of small business. For one thing, there is a certain canny and effective type of postwar regionalism (as opposed to sectionalism), which takes as its premise the understanding that the entire nation would benefit from decentralization and that regions which have long been retarded are capable of achieving a much higher degree of industrial development.

If the conclusions which the report compels are dark, the breadth and spirit of its approach, however, are imbued with hope that this country,

once it understands the enormity and gravity of the monopoly problem, will endeavor not to revive the past, but to apply its energies and policies to the creation of a capitalist renaissance. To say that such a renaissance is possible is not to say that it is probable. Nevertheless, it is upon this contingency that the future of American capitalism hinges. If it does not get under way very shortly, it is not likely that the possibility of its emergence will survive for very long. We shall develop instead along predominantly collectivist lines and become a competing collectivism rather than a community of enterprise.

A realistic program for the resurgence of enterprise can still be worked out and carried into effect. This much the report does persuade the reader. Moreover, many of the means to this end, recommended in this survey, are in the category of *sine qua non*, although they are not cohesive or comprehensive enough by themselves to effect the aims of an economy committed to the achievement of a maximum of freedom and a minimum of fate, especially in the form of modern monopoly. Because we now have and will probably have in greater degree a "mixed economy," in which some public monopolies are necessary or advisable, in which some private monopolies are unavoidable and, therefore, regulated, and in which the remainder of economic activity continues under the aegis of competitive enterprise, it becomes all the more important to keep the latter as genuinely free, private, and unmonopolized as Adam Smith himself could ask or the independent industrialist could desire.

CHARLES A. WELSH*

An Educational Program for Unions

PUBLIC OPINION on most important issues goes through a process of evolution. The public at first sees only a small part of any issue, just as only the top of an iceberg is visible. Then as the result of educational activities, people are gradually induced to see more and more until they get a full view of the subject – they see not only the peak but the larger submerged part of the iceberg.

In an analogous way the whole problem of industrial relations is highly visible today. The educational efforts of unions have been an

* Consulting economist, Antitrust Division, Department of Justice; formerly director of investigation, Committee on Patents, House of Representatives, 74th Congress; taught economics at Adelphi College and New York University.

important factor in forcing the issue out into the open.

In this article I am going to discuss industrial relations from the public relations standpoint. I have had a good deal of experience in day-to-day contact with these problems. I have made a study of business and public attitudes to labor and labor attitudes to business. I have studied union educational programs.

It appears to me that unions still have an important job of work to do; namely, to carry on an intensified factual educational campaign, to instruct not only the general public and management, but their own union members as well, on the bedrock facts of the struggle for industrial democracy.

All of us want and expect a better life, a better home town, a better America, with security and employment for all.

We have not succeeded yet. There are violent disagreements and conflict on how to get the better life. We are bedeviled by psychological and economic insecurities. Cynicism, disillusionment, and frustration undermine our morale. We have turned our aggressions against our own people instead of a common enemy. America is a battlefield for ideological and group struggles: white *versus* Negro; native-born *versus* foreign; management *versus* labor. We must take positive action against these internal dissensions, just as we are trying to take positive action against international war.

The most important of these internal struggles is between management and labor. Industrial peace can be reached only if we go after it intelligently. Labor and management *can* plan and work together to realize the goals of our society. Punitive legislation won't solve our problems – the answer is education in industrial relations. The public, the employer, and the worker must know what it is all about.

Labor should assume part of this responsibility for education. What can the educational directors of the large unions do to lick this problem?

It is essentially a public relations problem. People must want cleanliness before they buy soap. They must want higher education before they swarm to the colleges. In the same way people must want unions before they are willing to support specific union goals. A public that understands what unions have done for the good of the country is going to be more open-minded and friendly to union programs. If the public does not understand the value of unions, it will be guided by prejudice, untruths, and distortions.

Let us examine one progressive union's educational program and see whether it starts in at the foundation and builds up. The program follows several broad lines:

First, the union educates its members to enter fully into the union's work; to develop effective and mature leadership for handling bargaining

problems; to strengthen democracy within the organization; to build union solidarity. Through these activities the union tries to reach its goals – higher real wages, industry-wide wage agreements, wage equalization, a guaranteed annual wage, equality for women workers.

Second, the union tries to strengthen democracy in a number of ways. It fights inflation. It encourages union activity in civic and political matters, in co-operation with farmers, consumers, and others. It works for better housing, assistance to veterans, health programs, and civil liberties.

The third part of its program, not announced but well understood, is a matter of "selling" itself to its own rank and file. (Research, advertising, and public relations men in industry have the same problem. The client wants immediate visible results.)

As I study the union's educational activities, it seems to me that it might undertake three additional programs of education, so that the public will understand what the union wants and why, and be more willing to accept its goals.

(*1*) Make the public understand the value to the country of sound unions and mature union leadership.

(*2*) Make the employer understand the value of unions to him, and make him realize that he needs to apply the science of humanics, the study of human relations.

(*3*) Make the worker understand our industrial system and his role in it.

This type of education will lay the foundations for a broader understanding of controversial economic issues, and build toward increased co-operation between labor and the other major sectors of our society.

That there is an acute need for labor to educate the public has been demonstrated in many ways. Authoritative polls again and again reveal large areas of ignorance on the subject of industrial relations. For example, more than a quarter of the people asked were unable to answer intelligently this question put by an Elmo Roper *Fortune* poll late in 1946: "Suppose you had been acting as a referee in labor-management disputes during the past three months; do you think your decisions would probably have been more often in favor of labor's side or more often in favor of management's side?"

The major reason for the American public's ignorance of matters concerning labor is its lack of factual information. The public receives its impressions of unions mainly from newspaper headlines or radio broadcasts, usually just before or in the midst of a time of controversy. Neither a union nor a management point-of-view expressed during controversy helps much to clarify; on the contrary, it merely intensifies existing attitudes. People are more receptive to facts when issues are not superheated by emotional pressures.

Most people, I would say, do not know that unions have increased purchasing power and profits as well as wages, that they have been responsible for adjustments in our industrial system that have raised our standards of living. The public has little idea of what an extension of unionism might mean to our whole economy. It does not know what the advantages of unions are. It is unaware of what can be learned from the experiences of other countries. The public really does not know why some unions engage in harmful practices and others not. It has little knowledge of how the democratic process operates within unions.

The 1944 CIO constitution says at one point that the unions' objectives are to find "means to establish peaceful relations with their employers . . . to protect and extend our democratic institutions and civil rights and liberties and thus to perpetuate the cherished tradition of our democracy." These are aims that all Americans can and will support — if they have the facts and the knowledge on which to base their judgments. They will not have the facts unless someone makes a planned campaign to provide them. Progressive unions are in a position to do this. They can give the public the following kinds of information about unions:

(*1*) What is a union? How does it function?

Give the basic story of union organization, its history, and development. Explain the structure and internal government of unions; the different kinds of unions, industrial and craft; local, national, and international; affiliated and unaffiliated. Explain clearly the facts about jurisdiction, the methods by which officers are chosen, and their duties, membership dues, and disposition of union finances.

(*2*) What are the educational and welfare activities of unions?

Cover the story of the labor press and its function. Publicize the educational activities and benefit programs of unions such as vocational training, apprenticeship methods, labor banking, insurance, and the like.

(*3*) What are the facts about collective bargaining?

Explain this little-understood term; tell what the process actually is, what takes place, how agreements are reached.

(*4*) What are the facts about labor disputes in general?

How do they arise? What are the principal reasons for disputes? Are there as many as the public has been led to believe?

(*5*) What do the words mean?

No small part of this campaign would be to define many of the terms commonly used in labor-management discussions, but only vaguely understood by the public. A whole vocabulary needs translating. Only a small percentage of the public knows the distinction of meanings among wages, wage awards, wage practices, wage differentials, and wage stabilization; work load, work restriction, and work sharing; the closed shop, the union shop, and the open shop.

Our second proposal is that the unions educate the employer on the subject of unions and human relations. It can teach the employer by the same methods it uses with the public.

Today, while it is generally recognized that more employers than formerly are ready to accept their social responsibility, this is by no means true of all of them. According to a recent *Fortune* poll, more than ninety per cent of management thinks management has a definite responsibility beyond the sphere of profits; but a third of those queried stated that they believe only one fourth or less of management possesses such social consciousness. In other words, management itself does not believe it has fulfilled its social responsibilities.

Industry must overhaul its thinking. Its use of the physical sciences, of technology, has far outstripped its use of the science of social behavior — of how to work together.

Industry is not merely "business," it is a social institution as well. Industrial management requires skill in group relations. In the common interest unions should help teach management how to work intelligently with labor.

Some difficulty in industry is caused by the Victorian attitudes of certain employers, who want to get back the hold on workers they feel they have lost because of workers' loyalty to unions. They resent and fear unions. They fail to educate their company officials on how to work with people. Some do not understand that the worker, as Philip Murray put it so succinctly, is faced with "the primary human problem of earning a living."

But the worker also wants more than just a job, and many employers do not yet realize this. Elmo Roper showed, by authoritative polling some years ago, "that in the order of their importance to him, the average American wants a sense of security, an opportunity to advance, to be treated like a human being rather than as a number on the payroll, a sense of human dignity that comes from feeling that his work is useful to society as a whole." These preferences were again confirmed by more recent polls. About half of those asked said they would pick a job that pays quite a low income but which they were sure of keeping. About one quarter said they wanted a job which pays a good income but which they have a fifty-fifty chance of losing. Still fewer said they preferred a job which pays an extremely high income if you make the grade but in which you lose almost everything if you don't.

Disruptions in labor-management relations arise from many reasons other than wage disputes. They arise from a continuous sense of insecurity, from real or apparent managerial unfairness in adjusting contractual relations, from the harmful effects of assembly line work, and from work and pay scales planned on an individual instead of a group basis.

In many cases, these causes of worker dissatisfaction stem directly from preconceived employer attitudes. Educational directors of a great union can help to alter these attitudes by means of an educational program aimed at the employer, such as the following:

(*1*) Educate employers to the place of unions in our system.

(*2*) Acquaint employers with the data on human relations that have been gathered by universities, labor unions, foundations, and such groups as the Society for the Psychological Study of Social Issues, the Society for the Advancement of Management, and the American Academy of Political and Social Science.

(*3*) Persuade employers to stimulate further research by industrial relations schools such as those at Cornell, Princeton, and Harvard.

(*4*) Encourage employers to carry on technological research to improve working conditions.

(*5*) Help management to develop new approaches to the industrial relations problem. Stabilized employment, which some organizations have found enormously beneficial, is an example.

(*6*) Point up the importance of intelligent, honest, unbiased industrial relations personnel.

(*7*) Urge management to encourage responsible leadership among the unions.

(*8*) Urge employers to support housing projects, minimum wage legislation, social security, and other programs to strengthen democracy.

When I speak of educational efforts aimed at management I know the idea is not new. It has been tried, sometimes with decidedly negative results. Unions have had disillusioning experiences in their attempts to persuade management to consider the union point-of-view, and unions may feel that anyone who suggests educating management is probably starry-eyed.

Management's principal fear is that if it allows labor the right to advise, labor will somehow gain complete control. Efforts to dispel this belief cannot succeed overnight; but just as the displacement of one log can break up a log jam, the winning over of one man may win over others.

The educational process builds new points of view by continuous and repeated efforts. There are innumerable ways of reaching the attention of employers. Unions can arrange for speaking engagements before employer groups, trade associations, chambers of commerce, boards of trade, and such groups as the Lions and the Rotary Clubs; radio talks and speeches at public meetings will carry the message. People can be educated by word of mouth in conversation. A thought clearly expressed has a way of starting a chain reaction. Unions can reach employers by the printed word — by sending clear, factual stories to newspapers and other publications, by advertisements, pamphlets, and broadsides, by using all

the communications media. Intelligently written letters addressed to top management will be read; talks by union executives to community groups reported in the newspapers will get attention; material prepared for special groups in the community, such as women's clubs, lawyers, the clergy, will indirectly affect the businessman. Unions can enlist the support of colleges, foundations, progressive employers, consumer and other groups.

No approach should be overlooked in carrying forward one's program. Workers have a duty to the common good to help educate one of the most potent groups in America – management.

The third activity I propose is to educate union members in economics. Many reliable polls have proved the need of such education. For example, recent surveys of cross-sections of factory workers by the magazine *Factory Management* revealed that more than half of the workers queried had no opinion as to which top union leader is the most effective in getting better wages, hours, and working conditions. About one third had no opinion on whether the prices a company charges for its products are too high, not high enough, or about right. About one third had no opinion on their bosses' pay. About half had no opinion on whether dividends were too high or too low.

Few people, let alone workers, know much about the technical problems of business finance. Without such knowledge, however, the worker is handicapped when engaged in bargaining. But if the worker understands management's problems, he can bargain on a realistic basis. Some well-informed unions actually come to the aid of management when it is in financial difficulties, as the Amalgamated Clothing Workers have done, because they know that such assistance directly benefits everyone dependent on the particular industry.

Unions such as the Amalgamated have been able to take drastic steps of this kind only because their membership have been educated to appreciate the value of mutual assistance. This education had been accomplished over a long period of years by the union itself. What the Amalgamated does, other unions can do.

Walter Reuther has said that "the test of democratic trade unionism in a democratic society must be its willingness to lead the fight for the welfare of the whole community." Management has the same obligation.

Organized labor can help educate both management and workers to a realization of this obligation. Such education has one basic purpose: to create understanding, so that management and labor may work together effectively and prevent clashes. And this co-operation must come, for our system cannot stand continuous warfare.

EDWARD L. BERNAYS*

* Public relations counsel, New York, N. Y.; author of *Public Relations, a Growing Profession* (1945), *Crystallizing Public Opinion* (1923), *Propaganda* (1928), and other works.

DOCUMENTS

Report to the Governor of Massachusetts on Labor-Management Relations

[On March 18, 1947, Honorable Robert F. Bradford, Governor of Massachusetts, released the Report of the Governor's Labor-Management Committee. The document is a significant one and ought to be widely read. In a recent letter to the Editor, Professor Sumner H. Slichter, whose contribution to the preparation of the Report has been a notable one, stated (we quote from the letter with the permission of the writer):

> This committee reached unanimity on a good many controversial issues which concern the operation of unions and the conduct of collective bargaining. This was a notable achievement. I say that without hesitation because it was primarily an achievement of the labor and employer members.
>
> There is danger as a result of recent Washington developments (where there was much lack of wisdom on all sides, I think) that a dangerous gulf will develop between unions and management in American industry. Knowledge that responsible leaders of both sides have succeeded in reaching an agreement on many points should be reassuring and should reenforce the determination of men of good will on both sides to prevent the development of a gulf. It is particularly important at the present moment, in my judgment, that men of good will assert themselves. The extremists have had too much influence.

Considerations of space do not permit us to reprint the entire Report; we have selected for publication herein the more significant sections. The Report is officially known as House No. 1875, The Commonwealth of Massachusetts.—EDITOR]

II. WHAT EMPLOYERS AND UNIONS CAN DO TO MAKE COLLECTIVE BARGAINING MORE EFFECTIVE.

E. Specific Suggestions for making Collective Bargaining more Successful.

1. *Select negotiators who are temperamentally qualified to do the job* — men who keep their tempers in the give and take of the bargaining table, who

have insight into human nature, who are able to understand the problems of the other side and are willing to hear its arguments with patience, who are men of goodwill with a strong determination to discover a basis for agreement. Personal qualities are fully as important in negotiating as in selling; a negotiator should be selected with just as much reference to the special qualifications required for the job as are salesmen.

2. *Give Negotiators Adequate Authority.*— Sometimes the two sides bind their representatives too closely by instructions not to concede this or that. Sometimes they give their representatives authority to say "No," but not authority to say "Yes." Both unions and employers are guilty of unduly restricting the authority of their negotiators. It is often necessary for the union to provide that the terms agreed to by its representatives will be submitted for ratification to the rank and file, but the representatives should not be unduly restricted in the terms which they are authorized to accept for submission to the members. The practice of incorporating rules fixing certain terms of employment (such as apprentice ratios, prohibitions of incentive systems, limits on the work week, seniority rules) in union constitutions or by-laws and then refusing to bargain over them restricts the scope of collective bargaining and should be minimized. Inflexible company policies may also stand as a barrier to satisfactory bargaining.

Sometimes the process of negotiation is impaired by uniform national policies which unduly limit the latitude of negotiators in dealing with local conditions which would appropriately call for local treatment. Some uniform national policies, of course, are necessary, but the number of such policies in both corporations and unions has been growing rapidly and is probably too large. Some unions, for example, now cover several industries. Some firms, likewise, produce widely different products in their various plants, and have operations scattered over many localities. A policy which is appropriate in one industry or locality is not necessarily appropriate in another.

At the outset of negotiations, the parties should exchange definite information concerning the authority of negotiators, especially when any agreement reached by them must be referred to others for confirmation or ratification.

3. *Keep the negotiating body small* — not more than five on each side and preferably not more than three. One person should be designated to do the talking for each side. A small negotiating committee does not preclude each side from bringing in a limited number of observers in case they are needed. The number of observers, however, should be kept small, because a large audience encourages the making of speeches and talking to the gallery.

4. *Avoid taking Public Positions in Advance of Negotiations.*— It is a mistake for the employer to announce that he will "never" concede this, or for the union to announce that it "must" gain a certain change in the contract and that it will not consider anything less. Publicly announced "nevers" and "musts" and extravagant promises are likely to plague the party responsible.

5. *Avoid taking Strike Votes before the Process of Negotiation begins or before an Impasse has been reached and Conciliation has been requested.*— The Smith-Connally Act has had an unfortunate effect in promoting the prac-

tice of early strike votes. Each side should regard a strike or a lockout as a remote possibility, to be considered only as a last resort after ingenuity and patience have failed to find an alternative. A strike vote in advance of hearing the arguments of the other side is inconsistent with an attempt to settle differences on the basis of an appeal to what is fair. Many unions now require that negotiation be exhausted before a strike vote is taken. Other unions should encourage this practice.

6. *Avoid unnecessary Delays in beginning Negotiations and in conducting them.*— Stalling by one side or another gives rise to antagonisms. Stalling has occurred at times among both unions and employers. If delay is necessary, let the side which needs it ask for the delay and state its reasons. It is helpful when the date for the completion of negotiations can be agreed upon.

7. *Begin the Process of Negotiations whenever possible by presenting Problems and making Proposals rather than offering "Demands" or "demanding Rights."*— It is true that there are certain basic rights on which each side must insist. The union, for example, must insist that there be no discrimination or favoritism. If there have been "wildcat" strikes, management may have to insist that they be ended. Each side should recognize, however, that negotiations are likely to be more successful if problems are presented rather than rights demanded. The question, "What are we going to do about such and such a problem?" elicits a hunt for remedies rather than a battle of rights. It sets the stage for the discussion of how to get certain things done or how to prevent certain things from happening.

8. *Make a record each day of agreements reached or tentatively reached,* but it is not generally desirable to introduce stenographers or mechanical recording devices into negotiations. Recording the discussion encourages people to speak for the record and to avoid direct and normal negotiation. It creates suspicion as to the ultimate use of the record. Negotiations should not be used as a forum to make aggressive and antagonistic speeches to be passed along to constituents.

9. *Insist that Facts and Arguments be offered.*— Welcome facts and arguments which are presented by the other side. Sponsor collection of facts by neutral auspices for the use of both sides. Concede agreement with facts and arguments regardless of whether this agreement carries agreement concerning conclusions.

10. *The employer should make proposals as well as the union,* in case he believes that the agreement should be changed. Some employers have assumed that proposals should come from the unions and have contented themselves by simply saying "No" to certain or to all proposals. The members of the union, however, are likely to measure the outcome of negotiations by the disposition of certain key proposals. Proposals on the part of employers introduce flexibility into the negotiations and help create opportunities to grant the key proposals of the union on terms which are acceptable to the employer.

11. *Recognize that Negotiations may result in Changing Your Mind.*— This means that each side must not expect to come out of the negotiations with everything it asked for. Each side must recognize that the other side may induce

the first side to alter its ideas of what is fair. Hence, neither side should definitely regard its proposal as the minimum terms which it is willing to accept.

12. *Be prepared to get Results Gradually.*— Each side is likely to desire to have more changes considered than would be practicable to make in one negotiation. This should not prevent each side from presenting its proposals. One of the purposes of the negotiations should be to determine which proposals should be adopted and which should be postponed. The success of collective bargaining is also aided when each side has an opportunity to prepare its constituents to accept proposals offered by the other. Hence, proposals may have to be discussed for two or more negotiations before agreement is achieved.

13. *Preserve Good Manners and keep Discussion focused on Relevant Issues.* — This prevents the will to settle from being impaired by "pounding the table" and by threats. A chairman of the conference can preserve good manners if he wishes, but it is desirable that both sides fortify him with clear and definite instructions on this point.

In case a union and employer are negotiating their first contract, certain special procedures are useful. An early conference should be held at which the terms of the contract are not discussed. It should have the purpose of helping the parties become acquainted with each other. At the time a first contract is negotiated, it is particularly important that the union be represented by experienced negotiators from the national office. Conferences for negotiations should be arranged as early as possible after the preliminary conference. The union should submit written proposals to the employer as early as possible. One conference may be held for the union to explain its proposals. The company should submit written counter proposals as soon as possible. Although the parties may be expected to propose more than they are willing to accept, it is desirable that both union proposals and company counter proposals should not be far out of line with what each side is willing to do. Negotiations will proceed more smoothly if at the very outset agreement can be reached concerning the effective date when any wage increase may be agreed to.

III. A New and Stronger Conciliation Service which gives New Opportunities and New Responsibilities to Employers and Trade Unions, and a New Arbitration Service of Assured Competence and Impartiality.

The Committee has pointed out that the responsibility for industrial relations in the Commonwealth should rest with employers and employees through their organizations. Their best opportunity to exercise this responsibility is in their dealings with one another. The employers and trade unions, however, should have an instrument to help them maintain good industrial relations when unassisted negotiations fail. That instrument should be the Conciliation Service. In addition, the Commonwealth should have an arbitration service, of assured competence and impartiality.

The employers and the employees of the Commonwealth have the greatest interest in an efficient and fair Conciliation Service and in a competent and

impartial arbitration service. Consequently, it is fitting and proper that the two groups through their respective organizations, be given the opportunity to develop the kind of Conciliation Service and the kind of arbitration service which meet their needs. Such an opportunity has never been given employers and trade unions either in Massachusetts or anywhere else in the world. The proposal of the Committee, therefore, marks an important step forward (1) in imposing on employers and employees the responsibility for developing good industrial relations, and (2) in giving them powerful instruments with which to meet that responsibility.

Specifically, the Committee proposes the following steps:

1. The Conciliation Service shall be an independent agency within the Department of Labor and Industries.

2. The Conciliation Service shall be under the administration of a Director of Conciliation who shall be responsible for appointing conciliators, and who shall, in general, be directly responsible for the satisfactory administration of the Service.

3. The Director shall be assisted in the administration of the Service by the advice and counsel of a joint labor-management committee which shall consist of four representatives of management and four representatives of labor. The four representatives of management shall be appointed by the Governor from a list of not less than eight nominees submitted by the Associated Industries of Massachusetts. The representatives of labor shall be appointed by the Governor from a list of not less than four nominees submitted by the Massachusetts State Federation of Labor, and not less than four nominees submitted by the Massachusetts State Industrial Union Council. Two of the labor representatives shall be selected from the nominations of the Massachusetts State Federation of Labor, and two from the nominations of the Massachusetts State Industrial Council. The Governor shall be authorized to request the nominating organizations for additional nominations, but no appointments to the joint labor-management advisory committee shall be made except from persons nominated by the designated employer and labor organizations. The members of the committee shall serve without compensation. They shall be appointed for an indefinite period subject to the continuing approval of the nominating organization. If a member of the advisory committee fails to attend two successive quarterly meetings, his place shall become vacant, and the Director shall notify the Governor and the nominating organization.

4. The Director shall be a person of established reputation and proven experience in industrial relations. He shall be appointed by the Governor from nominations submitted by the joint labor-management advisory committee. The Governor shall be authorized to request additional nominations from the Committee, but the Director shall be selected from nominations submitted by the Committee.

5. The term of the Director shall be for five years, and his salary shall be $9,000 a year. The labor-management advisory committee may at any time, by unanimous vote, recommend to the Governor that the Director be dismissed

from his position, and the Governor shall be bound by such unanimous recommendation.

6. There shall be not less than four full-time conciliators appointed by the Director of Conciliation, with the advice and consent of the joint labor-management advisory committee. Each conciliator shall receive a salary of $8,000 a year. He may, however, be removed for cause by the Director of Conciliation; with the advice and consent of the joint labor-management advisory committee. As many additional conciliators shall be appointed as may be necessary. With the approval of the joint labor-management advisory committee, the Director may appoint special conciliators on a per diem basis of compensation in the event that the services of the full-time conciliators are not available, or in special cases where the desirability of such appointments is clearly indicated.

7. The joint labor-management advisory committee shall meet quarterly, and at such other times as the Director may deem necessary or advisable, or at the joint request of one member of management and one member of labor. The committee shall receive quarterly reports from the Director on the operation of the Service.

8. The Conciliation Service shall maintain a panel of arbitrators. No person shall be included in such panel unless he has received the unanimous approval of the joint labor-management advisory committee. The full-time conciliators of the Service shall not be eligible for inclusion in the panel.

Your Committee believes that the steps which have been proposed will result in conciliation service of the highest possible quality. The ultimate responsibility will rest with the organizations of employers and employees within the Commonwealth. We believe that they will faithfully carry out their obligations. We expect that their nominations for membership on the joint labor-management advisory committee will be made with care, and that the persons appointed from the lists of nominees will be regular in their attendance at meetings of the committee and conscientious in the performance of their duties.

The unanimous approval of the joint labor-management advisory committee would be the surest guarantee of the integrity and competence of the arbitrators included in the panel. Arbitrators would be available on a per diem basis to the parties to disputes arising within the Commonwealth. Compensation for their services and expenses would be paid by the parties. The existence of such a panel of arbitrators should provide substantial encouragement to the dispute[r]s to submit their disputes to peaceful adjudication rather than to resort to the use of economic force.

If the above proposals are adopted, your Committee is confident that the Conciliation Service can and will constitute an invaluable implementation of industrial peace within the Commonwealth. We visualize the Conciliation Service not as an agency to be called upon only as a last resort when other procedures have failed, but as a more positive agency, continually striving to avoid "last resorts." We visualize it as a fire-prevention agency, and not merely as a body whose function it is to put out fires once they have occurred. The

Service must exert a persistent influence in persuading employers and labor organizations to settle their differences by peaceful methods. It will naturally try to promote the use of voluntary arbitration as a substitute for interruptions of work. It will make every effort to persuade the parties to potential disputes to enter into voluntary agreements for the submission of future differences over contract terms to arbitration. Such agreements – to be distinguished from agreements on substantive terms of employment – might well run for periods of three to five years or more. It will be a particular duty of the Service to use its best efforts to bring about such agreements in those segments of industry where stoppages of work might have serious repercussions on public health or public safety.

IV. The Problem of Strikes and Lockouts which Jeopardize Public Health and Public Safety.

It is obviously important that the government have clearly defined authority and well-planned policies to protect the community against interruptions to production which would gravely imperil the public health or the public safety. The following principles are useful guides in formulating procedures and policies for protecting the community against strikes or lockouts which gravely imperil the public health and the public safety.

1. The right of employees or employers to interrupt the production of goods and services which are immediately required for the public health and public safety is a more qualified right than the right of employees and employers to interrupt the production of less immediately essential goods and services. People upon whose work the public health and safety immediately depend may have *on paper* the right to strike, but an extensive use of the right to strike would result in its being taken away from them. In other words, the right to strike is in effect a right which they possess only so long as they do not use it.

2. Public officials are entitled to have their duty and authority to protect the public health and public safety clearly defined, and they are entitled to be provided with effective instruments. It is neither fair nor wise to compel public officials to rely upon makeshift instruments of doubtful legality.

3. If arbitration through an impartial board is available to the parties, and if one or both of the parties refuse arbitration, the paramount issue in the dispute becomes, not the differences between the parties over contract terms, but the merits of the reasons of one party or both for insisting upon jeopardizing the public health and public safety rather than submitting the case to arbitration.

The Committee believes that the long-term arbitration agreements proposed in Section III of this report can be developed to give the Commonwealth complete protection, or nearly complete protection, against strikes or lockouts which might imperil the public health or public safety. One of the responsibilities of the new type of Conciliation Service recommended by the Committee is to induce employers and unions to make long-term arbitration agreements in all industries where an interruption to production would seriously injure the community. The Committee, however, must take account of the possibility

that there may be a few situations in essential industries where the parties are unwilling to negotiate a long-term arbitration agreement. Effective protection of the interests of the community requires that there be ways of providing for these cases. The Committee suggests the following arrangements:

If the Director of Conciliation believes that a dispute is likely to produce an interruption of service which would gravely threaten the public health or the public safety, and if conciliation has been refused or has failed to produce an agreement, and if arbitration has been refused, the Director shall inform the Governor and recommend that the Governor declare an emergency. The Governor may in his discretion act on the recommendation of the Director of Conciliation.

If the Governor declares an emergency, the Committee recommends that two procedures be specifically authorized which the Governor in his discretion may employ:

(*a*) Require the party or parties refusing arbitration to show cause for this action. This hearing shall be conducted before a specially appointed moderator selected by the Governor. The moderator shall be a person skilled in industrial relations and with an established reputation for impartiality. In the event that the Governor orders a show-cause hearing, the parties may be required, if necessary, to maintain the *status quo* for fifteen days. The show-cause hearing shall be strictly limited to a review of the reasons for the refusal of arbitration, not a review of the merits of the unsettled issues between the parties. It shall be the duty of the moderator to endeavor to work out a form of arbitration which is mutually acceptable to the parties. If the show-cause hearing fails to produce an agreement to arbitrate, the moderator shall make public his findings.

(*b*) Invite the parties to submit their case to a special emergency board of arbitration appointed by the Director of Conciliation from the standing panel of arbitrators. The emergency board shall conduct its hearings and make its report within a period of thirty days unless a longer time is mutually agreed upon. During the hearings before the emergency board and for thirty days after its report has been made public, the parties shall be bound to maintain the *status quo*, with respect to the matters in dispute, except as they may make changes by mutual agreement. The emergency board, in determining the effective date of its award, shall consider any evidence on the responsibility of either party for prolonging the procedure or rejecting arbitration.

The Committee is aware of the possibility that the availability of emergency boards may discourage the parties from settling their differences by negotiation or voluntary arbitration. It has attempted to guard against this danger.

If one party or both reject the recommendations of the emergency board, a strike or lockout may occur which imperils the public health or the public safety. In that event it is important that the Governor have adequate and specific authority for dealing with the situation. Broad powers are conferred on the Governor by section 9H of chapter 23 of the General Laws, and by the Commonwealth Defense Act of 1917, which is referred to in section 9H of chapter 23.

These statutes provide the Governor with broad powers. These powers are especially useful if the interruption of essential services is caused by the recalcitrance of management. The powers granted to the Governor by these statutes are presumably also adequate to deal with strike situations.

The Committee does not believe that the seizure of plants is a desirable way of dealing with disputes between labor and management, and calls attention to the fact that seizure does not settle differences over the terms of employment. In the case of public seizure of a plant, the Committee recommends that the Governor shall continue to maintain existing wages and working conditions unless he puts into effect the wages and conditions of employment recommended by the emergency board. In the event that an emergency board has not been appointed in the dispute, the Committee recommends that the Governor maintain existing wages and working conditions unless he asks the Director of Conciliation to appoint a special board from the panel of arbitrators to determine wages and working conditions under public operation.

The Committee believes that the procedures outlined will make emergencies exceedingly rare, and that they will permit any emergencies which arise to be handled with due consideration to all of the interests involved.

V. Problems raised by the Closed Shop, Union Shop, and Maintenance of Membership Clauses.

During recent years the right of employers and unions to negotiate closed shop contracts has been substantially restricted, and the effect of closed shop contracts upon the rights of union members and non-members has been somewhat clarified. The principal restrictions on closed shop contracts have been imposed by the Railway Labor Act and the Wagner Act, but a number of States have imposed special restrictions. The Railway Labor Act, although not specifically mentioning closed shop contracts, makes no exception of them in its rule against discrimination. Hence, it would be a criminal offence, punishable by substantial fine or imprisonment or both, for a railway official to sign a closed shop contract. The Wagner Act permits closed shop or union shop contracts where the labor organization is the representative of a majority of the employees in a unit appropriate for collective bargaining. In other cases, closed shop or union shop contracts would be unfair labor practice. Arizona, Arkansas, Florida, Louisiana, Nebraska, Nevada, South Dakota, Tennessee and Virginia have outlawed the closed shop. In Colorado, Kansas and Wisconsin the validity of the closed shop or union shop contracts depends upon approval by a specified percentage of employees in the bargaining unit.

The Committee believes that the closed shop, the union shop and maintenance of membership should be matters for collective bargaining. The Committee, therefore, does not recommend that the closed shop be prohibited in the Commonwealth of Massachusetts. The closed shop and the union shop are well-established institutions in many industries, and serve useful purposes. In the absence of a closed shop or union shop, it becomes possible to accept the benefits of a trade union without bearing a share of the cost of maintaining

the union and the cost of administering the agreement which the union has negotiated, and to shirk the responsibility of participating in the affairs of the union. Furthermore, the closed shop and the union shop mean that all members in the bargaining unit belong to the union and have an opportunity to participate in its affairs. This helps the union to become more representative of the people in the bargaining unit.

The Committee believes, however, that the closed shop and the union shop raise problems of great importance, and that these problems require careful attention, and, in some cases, legislative action. The closed shop and the union shop cause the admission requirements of trade unions to become affected with the public interest. Likewise, a closed shop, a union shop, or maintenance of membership clauses cause the administration of discipline by unions to be affected with the public interest. Both the closed shop and the union shop permit certain abuses. It is in the interest of trade unions, as well as the rest of the community, that these abuses be guarded against. Two basic questions are involved: (1) the right of persons to belong to a trade union, and (2) the right of persons to remain members of a trade union. Maintenance of membership clauses do not raise the first question, but they raise the second one.

Every one will agree that all occupations and industries should be open to all employment-seekers, regardless of race, color, religious creed or sex. Some unions exclude persons from membership because of certain races, color or creed. A few do not take in women. The problem of admission requirements has been solved in part in Massachusetts by the provisions of section 4, paragraph 2, of the Massachusetts Fair Employment Act, which states that it is unlawful—

> For a labor organization, because of race, color, religious creed, national origin or ancestry of an individual, to exclude from full membership rights or expel from its membership such individual or to discriminate in any way against any of its members, or against any employer or any individual employed by an employer, unless based upon a bona fide occupational qualification.

The Fair Employment Act, however, does not prevent unions from denying admission because of sex; it does not cover cases where union membership does not give certain types of employees full voting rights within the union; and it does not deal with the problem of high initiation fees.

Eight unions have constitutional provisions excluding women, but the exclusion of women is more widespread than this number would indicate. The Committee is not prepared to recommend that unions be required to alter their admission requirements to accept women. It does believe, however, that the laws of the State should provide that no closed shop contract or union shop contract should be interpreted to prevent the employment of women, and that no employer should be held to be in violation of a closed shop contract or union shop contract by reason of hiring women.

The Committee believes that no union should be permitted to negotiate a closed shop or union shop contract for a given group of workers in the Commonwealth if the union denies full voting rights to those workers. This pro-

vision should not prevent unions from excluding workers who are not participants in a union insurance plan from voting on questions pertaining to the insurance plan. Nor should it require unions to give locals of various sizes precisely proportionate voting rights in the national convention or prevent unions from limiting the number of votes accorded to large locals.

The Committee believes that when a worker is required to join a union as a condition of employment, the terms of admission are a matter of public interest, and that in the interest of good industrial relations initiation fees should not be burdensome. The Committee calls attention to the fact that reports on initiation fees of unions are required by the present law of the Commonwealth, and would continue to be required by the recommendation in Section VIII of this report. These reports will indicate to unions and to the Legislature to what extent a problem is created by initiation fees in Massachusetts.

The administration of discipline by unions when closed shop contracts, union shop contracts or maintenance of membership clauses are in effect, raises a number of difficult and important problems. Unions have the problem of protecting themselves against members who are agents of employers or outside political groups, or who are irresponsible cranks. This problem has led a number of unions to authorize discipline for vague offences. For example, Professor Philip Taft, in examining the constitutions of 81 national unions, found that 29 permit members to be disciplined for "slandering an officer," 15 for "creating dissension," 20 for "undermining the union or working against its interest," 25 for "action which is dishonorable or which might injure the labor movement," 21 for "circulating written material dealing with trade union business without permission of the general executive board."

The Committee is not prepared to recommend that the Commonwealth prescribe the offences for which unions may impose discipline or to forbid discipline for certain specified offences. Nevertheless, the Committee believes that certain safeguards are necessary. It proposes, therefore:—

1. That it should be an unfair labor practice for a union to require an employer to discharge or suspend any worker because of loss of good standing in the union for any reason while the worker is appealing his case through the channels regularly provided by the union constitution and by-laws.

2. That workers who are expelled or suspended by the union for reasons other than malfeasance in office or for failure to pay the regular initiation fee, dues or assessments shall, after having exhausted the procedures provided by the union constitution and by-laws, have an appeal to the State Labor Relations Commission. Pending appeal to the State Labor Relations Commission, the worker may continue in employment, and it shall be an unfair labor practice for the employer to discharge or suspend him for the offence under appeal. The State Labor Relations Commission shall review the action of the final union authority to determine (*a*) whether the complainant was disciplined in accordance with the union constitution and by-laws; (*b*) whether he had an adequate hearing and a fair trial; (*c*) whether the action of the union violated any established public policy of the Commonwealth; and (*d*)

whether the offence committed warranted the discipline imposed. If the Commission finds that the discipline was disproportionate to the offence, it shall order the union to restore the complainant to good standing. The union may or may not restore the man to membership, but if it refuses to do so, he shall not be deprived of his job. Pending appeal to the union and the State Labor Relations Commission, the complainant shall continue to pay regular union dues and assessments.

The appeal which the Committee recommends to the State Labor Relations Commission could, under the existing law, be made to the courts of the Commonwealth. This procedure is likely to be slow and costly. The Committee believes that a more expeditious and less costly procedure could be made available. The above procedure would not, of course, prevent either the union or the member from appealing on points of law to the courts from the decision of the State Labor Relations Commission.

VI. Proposals to Amend the State Labor Relations Act.

Many proposals to amend the State Labor Relations Act have been made from time to time, and some of them have been embodied in bills. Furthermore, the proposals to amend the National Labor Relations Act are pertinent because the State Act and the National Act are almost identical. The Committee has reviewed many of these proposals with considerable care. Some of them seem to be based upon a misunderstanding of the state of the law; some of them, in the judgment of the Committee, would be unwise; still others the Committee is prepared to recommend.

The frequent reiteration of the proposal that employers be permitted to communicate with their employees when threats are not used or when the communication is not a form of discrimination, appears to be based upon a misunderstanding of the extent to which employers are permitted to communicate today. If the interpretation of the National Labor Relations Act by the Supreme Court of the United States is followed in Massachusetts, as it undoubtedly must be, the employer is free to communicate with his employees, provided the communication is not an integral part of a plan or activities which are a violation of the Act. The proposal that persons who engage in a wild-cat strike be excluded from the protection of the Act ignores the fact that the decisions of the National Labor Relations Board and the courts now exclude such persons. Indeed, if the interpretation of the National Act is followed in interpreting the State Act, no person hired during "an economic strike," that is, a strike not caused by an employer's violation of the Act, need be dismissed in order to restore a striker to employment.

Some proposals the Committee does not regard as wise or practicable. For example, the Committee does not believe that it is wise or practicable specifically to prohibit oral or written attacks on management involving misrepresentation, insults and the like, or similar attacks upon the officers or members of a union already certified as a bargaining agent. Some such attacks may be actionable under the law of slander or libel. The Committee does not believe

that there should be a special law of slander and libel for the field of industrial relations. If the law of slander and libel is to be changed, the changes should be of general applicability. The Committee, of course, does not condone misrepresentation or insults, whether made by union organizers or by employers. The Committee does believe, however, that representatives of management should be free to reply to any attacks made by a union upon them or upon the company which they represent. The Committee believes that the present interpretation of the law gives representatives of management this freedom.

It has been proposed that the law be amended to contain a specific prohibition against intimidation or compulsion in organizing workers or in soliciting membership in a union. Some States make certain organizing methods an unfair labor practice. Michigan, for example, makes it an unfair practice to use coercion or force in requiring workers to become members of unions. Pennsylvania specifies that the use of threats, coercion and violence in organizing workers is an unfair labor practice. The Committee does not recommend that special prohibitions of this nature be added to the State Labor Relations Act. The Committee, of course, is not condoning the use of intimidation, threats, coercion or force. These words, however, have elastic meaning. The general law of the Commonwealth prohibits certain types of intimidation, threats or coercion. Hence to some extent the problem is covered by existing laws. The Committee believes, however, that the words "intimidation," "threat," or "coercion" should mean the same thing when applied to activities of a union as when applied to comparable activities by an employer. For example, if it is intimidation for an employer during a union organizing campaign to threaten a worker with the loss of his job if he joins a union, it should also be intimidation for a union under the same circumstances to threaten a worker with the loss of a job if he refuses to join the union. The equitable interpretation of these words and their application in particular situations is a responsibility of the courts of the Commonwealth. The Committee believes that the courts can be trusted to apply these words fairly as particular cases arise, and that the courts can also be trusted not to develop one law for employers and another law for trade unions.

Employers sometimes regard high pressure salesmanship on the part of union organizers as "intimidation." Whether there is a point beyond which urgent and persistent importuning of workers becomes intimidation or coercion is best left for decision by the courts. Experience indicates, however, that secret ballot elections of bargaining agents sometimes result in a "no union" vote, even though a majority of workers had signed application cards for admission to the union or cards authorizing the union to represent them. These experiences indicate why bargaining agents should be selected by election rather than card counts. The practice of the State Labor Relations Commission is to use elections rather than card counts.

The Committee believes that good industrial relations in the State would be encouraged, and that the policy of the State Labor Relations Act would be promoted by several changes in the Act. It believes that these changes would increase public confidence in the Act and would make the law operate more

effectively in certain types of situations. All the changes which the Committee recommends are proposed because of the Committee's approval of the basic policy of the law, and because of the Committee's desire to make the law serve all groups in the Commonwealth more effectively. The recommendations which the Committee makes for changes in the law or the rules and regulations of the State Labor Relations Commission are as follows:

1. Unions, as well as employers, should be required to bargain. There is doubt in the minds of some members of the Committee whether good faith can be compelled by legislation. If this is true, perhaps the wise policy would be to eliminate the requirement from the Act altogether. Some highly respected students of industrial relations favor such a change. Another proposal is that the language of the Railway Labor Act be substituted for the language of the State Labor Relations Act. The Railway Labor Act imposes an obligation on both sides to make every reasonable effort to make and maintain agreements. The consensus in the Committee, however, is that the bargaining requirements of the Act shall be made equally applicable to both trade unions and employers.

2. In cases where the union has not been previously recognized as the exclusive bargaining agent, the employer should have the right to petition the State Labor Relations Board for an election, provided the union asks the employer to sign an exclusive bargaining agreement. At the present time the Committee does not believe that employers should be given an unrestricted right to petition for elections. This might permit an employer to force a premature election and thus to interfere with the legitimate organizing activities of a union. This possibility will not arise, however, if the employer is permitted to petition for an election when the union asks the employer to sign an exclusive bargaining contract. Indeed, it is an unfair labor practice for an employer to sign such a contract unless the union represents a majority of the employees in the bargaining unit. The employer is entitled to satisfactory evidence on this point.

3. There are situations in which unions may attempt to secure recognition through strikes, picketing or boycotts without requesting an election. Under these circumstances, also, the Committee believes that the State Labor Relations Commission should be authorized to entertain a petition from the employer for the holding of an election to determine whether the union shall be certified. It should be noted at this point that the encouragement of the use of the election procedure as opposed to the use of economic weapons can be expected to succeed only if the Labor Relations Commission is adequately financed and staffed to afford reasonably prompt service on representation questions. In view of the dearth of appropriations from which the National Labor Relations Board is now suffering, it is particularly important that the State service be prepared to handle its (probably increased) load.

4. The decision of the Supreme Judicial Court of Massachusetts in the case of *R. H. White Company* v. *John Murphy and others,* decided January 2, 1942, held that it is illegal for a union to seek to compel an

employer by picketing to perform a contract made in violation of the State Labor Relations Act and that picketing for an unlawful purpose is not protected by the First and Fourteenth Amendments of the Constitution of the United States. The above decision indicates that strikes and boycotts as well as picketing are illegal when the purpose is to compel an employer to violate the State Labor Relations Act, and that activities in connection with them which would otherwise be legal may be enjoined. The Committee believes, however, that it is desirable that the State Labor Relations Commission should be authorized to issue cease and desist orders against any efforts to compel violations of the State Labor Relations Act.

A matter of great importance is the status of supervisory employees under the State Labor Relations Act. The problem is complicated by the fact that there are some unions which include supervisory employees only; there are other rank and file unions which require supervisors to belong; and there are some unions of which supervisors are the backbone, although a majority of the union may consist of non-supervisory employees. There are many instances in which the rank and file unions require membership of supervisors, but negotiate no wage scales for supervisors and exclude supervisors from the grievance machinery contained in the contract. Membership in the union, however, may permit supervisors to retain their seniority rights. Such rights are, of course, a protection to a foreman who is demoted to the ranks.

The Committee believes that the policy of the Commonwealth with respect to the rights of supervisors under the State Labor Relations Act should be developed after the Congress has had an opportunity to consider national policy. If Massachusetts delays until the decision of Congress has been made, the Legislature will be able to avoid confusion and inconvenience which might be created by differences between its policy and the national policy.

Many of the established situations in which foremen have been members of the rank and file unions for many years seem to be working with reasonable satisfaction to employers, foremen and the rank and file. Any new legislation should take cognizance of these situations. Many aspects of the problem of foremen under the State Labor Relations Act are probably best handled by administrative processes; that is, by the decisions of the State Labor Relations Commission concerning appropriate bargaining units in cases as they arise. Much of the problem of foremen in modern industry, however, is beyond the scope of legislation. It calls for efforts on the part of management to develop foremen into participants in policy-making as well as policy executing, and to establish better two-way communication between foremen and higher management.

VII. Problems arising in Connection with Disputes between Unions over Jobs and Members.

The use of strikes, picketing and boycotts in jurisdictional disputes has been a seriously disturbing element in the industrial picture of the country as a whole. While not so important quantitatively as some other types of

disputes, these jurisdictional squabbles have created a type of bitterness that is not easily forgotten. They have inflicted unnecessary hardship upon the parties directly concerned. More important, however, they have inflicted unnecessary and unwarranted inconvenience, hardship and damage upon the public generally, and upon certain employers who were themselves without fault.

Responsible and public-spirited union leaders have been among the first to recognize that in most instances jurisdictional disputes are bad for the labor movement and inimical to good industrial relations.

The Committee feels strongly that the use of economic weapons in the furtherance of jurisdictional disputes is contrary to public policy, and should not occur. Fortunately, Massachusetts has had in recent years less economic warfare over jurisdictional questions than has occurred in many other sections of the country. The record in the Commonwealth is largely due to voluntary actions on the part of unions, and such actions should be recognized, encouraged and commended. In order, however, to insure that parties who abide by decisions which they have voluntarily committed themselves to accept are protected against the failure of others to abide by their voluntary commitments, and in order to protect employers and the general public in cases where voluntary agreements do not exist, some safeguards would appear to be necessary.

Jurisdictional disputes are of two basic varieties: (1) disputes as to the union to which particular groups of workers should belong; and (2) disputes as to which group of workers shall perform a particular job. In the opinion of the Committee, both types of disputes are to be discouraged. The first type, however, is particularly objectionable, inasmuch as orderly procedures for permitting employees to choose their bargaining representatives by peaceful means have been established through the National and State Labor Relations Acts.

The more important kinds of jurisdictional disputes and the Committee's proposals for handling them may be discussed in turn.

1. *Strikes, Boycotts or Picketing against Decisions of the State Labor Relations Commission.*—This problem is discussed in Section VI of this report.

2. *Secondary Strikes, Picketing or Boycotts to compel Workers to shift from One Union to Another.*—By this the Committee means economic pressure upon one employer by a union to compel him to exert economic pressure upon another employer whose employees have chosen to be represented by a different union.

The committee believes that in such a situation, the same reasoning applies as in the case where the action is primary rather than secondary. In other words, if it is improper for a union to exercise economic weapons against an employer in an attempt to compel *his* employees to renounce the union of their choice, it is even more improper for a union to use economic weapons against an employer in an effort to compel the employees of *another employer* to renounce their choice. Accordingly, we believe that the employer or the union against whom these weapons are directed is entitled to injunctive relief.

The use of economic weapons under these circumstances not only runs counter to public policy as set forth in both federal and state legislation,—the freedom of employees to choose their own bargaining agents,—but also may have serious economic consequences. If members of one union refuse to work on materials produced by members of other unions, and if they enforce their refusal by concerted action, we run the danger of a compartmentalized economy which at best will be inefficient and might well prove to be intolerable.

3. *Strikes, Picketing or Boycotts against Voluntary Arbitration Awards in Cases of Dispute over which Workers shall perform a Given Class of Work.*—As has been indicated in this section, progress has been made in Massachusetts in the direction of voluntary submission of disputes of this sort to arbitration. It seems clear that the union which abides by the procedure and the award is entitled to protection against another union which refuses to accede to the procedure or abide by the award when it also has committed itself to do so. It also seems clear that the employer who is prepared to carry out the terms of the award is similarly entitled to protection. Accordingly, we recommend that the union or employer who complies with the terms of the award be granted appropriate judicial relief.

4. *Strikes, Picketing or Boycotts in Cases where there are Disputes over which Workers shall Perform a Given Class of Work, and where no Voluntary Arbitration Agreements exist.*—It should, of course, be the policy of the Director of Conciliation to encourage the parties to settle their own jurisdictional disputes, and, in the event of failure, to induce them to submit the dispute to arbitration. A few States penalize strikes over jurisdictional disputes. For example, Florida and Kansas make such strikes unlawful under a penalty of a fine of not more than $500 or imprisonment of not more than six months, or both. The Committee does not recommend similar action in Massachusetts. The problems created by jurisdictional disputes have not arisen principally because of the refusal of the parties to submit their differences to voluntary arbitration. Consequently the Committee believes that the recommendations which it has made in the preceding paragraph reach the heart of the problem of jurisdictional strikes.

VIII. Financial Reports from Trade Unions.

The Committee does not believe that this question is as important as those which have been discussed in previous sections of this report. It is, however, a question which has been widely discussed within the Commonwealth, and for this reason the Committee feels that it should set forth its recommendations.

The great majority of unions now make detailed financial reports to members. Many unions now make public such reports in considerable detail. Within the last few months, however, the people of the Commonwealth voted that unions should file financial reports, and that such reports should be open to public inspection. Obviously, this vote cannot be disregarded, and the

Committee is in no way disposed to disregard it. The Committee believes, however, that it was not the intent of the electorate that detailed financial reports are necessary to obtain the general objectives of the referendum.

In order both to attain the general purposes which it believes to be the objectives of the referendum vote, and to prevent the imposition of unduly onerous requirements, the Committee proposes that the law with respect to financial reports from unions encompass and be limited to the following points:

1. A labor organization should be clearly defined. The Committee suggests that the basic definition contained in section 2, chapter 150A be adopted, with any necessary additions that may be required to indicate that state and local federations are included in the definition.

2. Statements or reports should be signed by the president and financial secretary (or fiscal officer) of the labor organization.

3. An annual statement should be filed, within thirty days after the close of the fiscal year of the labor organization, with the Commission of Labor and Industries. This statement should be sufficiently itemized to show:—

(a) Name of labor organization.

(b) Location of office.

(c) Name, title, home address and salary of each officer.

(d) Initiation fees and dues.

(e) Total receipts from each of the following.

(1) Initiation fees.
(2) Dues.
(3) Assessments.
(4) Fines.
(5) Other sources.

(f) Total expenditures for—

(1) Salaries of officers.
(2) General office administration.
(3) Contributions (with the name and address of each recipient of contributions in excess of $100).
(4) per capita of parent organization.
(5) Per capita of local and state federation.
(6) Total of other expenses.

4. The Commissioner of Labor and Industries should have prepared printed forms embodying the above requirements. These forms should be used by labor organizations in making returns.

5. The Commissioner of Labor and Industries should have power to require by summons the attendance and testimony of witnesses and the production of books, papers and documents, and to administer oaths.

6. The Commissioner of Labor and Industries should keep a record of all statements or reports submitted to him, and such statements or reports should be open to public inspection. The Commissioner should report to the

Attorney General any instances of neglect or omission of compliance on the part of any labor organization.

7. Reasonable penalties should be provided for wilfully filing false reports.

Respectfully submitted,

SUMNER H. SLICHTER
DOUGLASS V. BROWN
THOMAS E. SHORTELL
HAROLD D. ULRICH
ANTHONY J. DE ANDRADE
JACK HURVICH
CLARENCE G. MC DAVITT
SEABURY STANTON
JAMES E. WALL

A Round Table Fund for Labor-Management Education

CHARLES LUCKMAN

[On May 15, 1947, at the installation of Dr. George Dinsmore Stoddard as President of the University of Illinois, Charles Luckman, President of Lever Brothers Company, delivered the principal address, "Low Cost Peace." In the course of his address Mr. Luckman proposed an annual $1,000,000 "Round Table Fund" for the education of leaders of labor and management. We reprint the section of the address concerned with this proposal.— EDITOR]

That our thinking needs molding by higher education is evidenced by the fact that today our country is rocked with debate over proposed legislative corrections of the "labor problem."

I do not minimize the importance of a sound legislative framework for the control of excesses on both sides. I believe in laws. But I also believe that Labor-Management peace will be created—not by trying to legislate a point of view—but by more understanding among men. This mutual understanding is being retarded by egomaniacs on both sides who conceal their ignorance by hurling abuse at one another, until the very air we breathe becomes poisoned with never-ending taunts such as "reactionary" and "radical." We need to do a gigantic job of *air conditioning* in labor relations. We need to sweep from our minds the cobwebs of ignorance. For we cannot get mutual understanding without mutual knowledge. We cannot get mutual knowledge without mutual education.

The need for mutual understanding has been dimly sensed by business, which now annually appropriates millions upon millions of dollars for that form of persuasion in a top hat, sometimes called "public relations." Yet, strangely enough, it has not occurred to any of us to use education on a large scale to help correct our number one public relations headache—the Labor-Management problem.

Before too long, those of us who are today the leaders of Management and of Labor will be turning the reins over to the young people who are now the junior executives in business, and the local and district representatives of organized labor. We in business could make no greater contribution to the long-term solution of this vexing Labor-Management problem than by effectuating a plan to broaden, through education, the concepts of those who must strive for the mutual understanding of Labor and Management.

It has taken us twenty years to get Labor and Management to sit down together at the bargaining table. So far, that table has been a square one. It has a side for Management and it has a side for Labor. We need to eliminate the sides from our national bargaining table. We must substitute in its place a *round table,* around which the unity and togetherness of all elements in our economy can be allowed to function properly for the benefit of all the people. Consider then, how American Business could justify a real claim to constructive leadership by creating an annual "Round Table Fund" of $1,000,000.

The purpose of the Round Table Fund would be the joint education of tomorrow's leaders of Labor and Management. Let Labor nominate 500 of its promising young leaders; let Management nominate 500 of its promising young leaders. Let these 1,000 young men and women spend one year in college together, studying the most enlightened methods for making our economy produce *a higher standard of living for all.*

In ten years this plan would produce 10,000 thoroughly trained young Labor and Management leaders equipped with a keen knowledge and true understanding of each other's problems!

Think of the immeasurable value of representatives of Labor and Management studying *together,* eating *together,* and living *together.* The result would be that, for the first time in American history, Labor and Management would be working together toward the same objective—a higher standard of living for our people. Since this procedure would involve every phase of our complicated industrial economy, the curriculum would necessarily cover a wide variety of subjects: for example, Methods of Increasing Productivity and Wages; Interrelationship of Wages, Prices, and Profits; Problems of the Guaranteed Minimum Wage; Basic Principles of our National Labor Legislation; Protection of the Rights of the Public; The Correlation of Government, Labor, and Management; and, The Standard of Living. And finally, I might suggest a quickie course on "How to Eliminate Name-Calling as a Prerequisite to Labor Negotiations."

The final nomination of all students, both Labor and Management, would be made by the Round Table Commission, composed of the presidents of

the American Council on Education, the United States Chamber of Commerce, the National Association of Manufacturers, the American Federation of Labor, the Congress of Industrial Organizations, and other major labor groups. The Round Table Commission would have the additional responsibility of authorizing the training courses and of selecting recognized institutions headed by farsighted academic authorities.

Every American business would consider it an honor, as well as an opportunity, to have one of its men or women selected to be part of such a far-reaching undertaking; and consequently, would unhesitatingly furlough the selected students with full pay for the year. The fund would enable the colleges to provide the ablest teachers and the best research facilities, and would also defray each student's tuition and special expenses.

Since this is a program which deeply affects the commerce of our nation, it would be highly appropriate for the Secretary of Commerce, Mr. W. Averell Harriman, to be asked to assume, for the first formative year, the Chairmanship of the Round Table Commission. Thereafter, the chairmanship would rotate by election among the members of the Commission. The chairman of the Commission could proceed with the assurance that Lever Brothers Company would consider itself privileged to contribute $100,000 for the implementation of this Round Table program for *unity through education.*

Is an Industrial Relations Consultant Engaged in Unauthorized Practice of Law?

[On April 30, 1947, in the case of Louis Auerbacher, Jr., and others, complainants, and Charles A. Wood, defendant, the New Jersey Court of Chancery decided that an industrial relations consultant's use of his knowledge of the law in determining what measures he shall recommend to his clients does not constitute practice of the law. The opinion by Vice Chancellor Bigelow, reprinted herein, is of importance to persons engaged in industrial and labor relations.—EDITOR]

OPINION

BIGELOW, V. C.:

This is a suit to enjoin what complainants charge to be the unlawful practise of the law by the defendant, Charles A. Wood. Mr. Wood is not licensed to practise in New Jersey. The complainants are the Essex County

Bar Association, a committee of the State Bar Association, and Louis Auerbacher, Jr., an attorney and counsellor at law.

The defendant at the outset challenges the title of complainants to maintain the suit and the jurisdiction of Chancery to grant relief. Discussion in this court, however, is foreclosed by *Unger* v. *Landlords Management Corp.* 114 N. J. Eq. 68, which settles the question in favor of complainants. In our sister states also, during the past fifteen years, courts of equity have frequently enjoined the unlawful practise of the law at the suit of a bar association. *Chicago Bar Assn.* v. *United Taxpayers Assn.* (Ill.) 38 N. E. (2) 349; *Lowell Bar Assn.* v. *Loeb* (Mass.) 52 N. E. (2) 27; *Fitchette* v. *Taylor* (Minn.) 254 N. W. 910; 94 A.L.R. 356; *Dworken* v. *Apartment House Owners Assn.,* (O.) 176 N. E. 577; *Childs* v. *Smeltzer* (Pa.) 171 A. 883; *Paul* v. *Stanley,* (Wash.) 12 Pac. (2) 401; *Merrick* v. *American Security etc. Co.,* 107 F. (2) 271. This jurisdiction perhaps grows from a realization that an injunction is an effective means for protecting the public, and is less harsh than an indictment, and from the fact that bar associations are well fitted to perform the public function of prosecuting the cause. Recognition in New Jersey of the public aspect of bar associations is found in *R. S. 2:17–2; 2:23–1, etc. Supreme Court Rule 14; In re N. J. State Bar Assn.* III N. J. Eq. 234, 112 id. 236; 112 id. 606; 114 id. 261. We proceed then to inquire whether the defendant is unlawfully practising law, or rather was he about to do so when the suit was started. He had just opened an office in Montclair and begun to hunt a clientele, but when confronted with litigation, he deferred activities pending the outcome of the suit. In this opinion, however, I will use the present tense as if he were actually doing what he plans to do if the courts permits [*sic*].

The defendant is a consultant to employers in labor or industrial relations. The subject of industrial relations as commonly understood and as defined by defendant, begins with the processes by which employees are obtained, then deals with their training, provisions for their safety, health and welfare, morale building, pension systems, employee records, the settlement of grievances, wage administration, negotiations with unions and appearances before arbitrators and administrative agencies. In such matters, defendant proposes to assist the employer in the determination of policies, in the development of an organization fitted to carry out the policies and in the formulation of effective routine practises. He is ready, if called upon personally to handle or aid in the handling of specific problems. For example, let us say, the avoidance of friction upon the promotion of a Negro to a position theretofore held by a white employee. Or the negotiation of a contract with a labor union.

The relations between employer and employee group and the duties of the former toward the latter, have become the subject of many statutes and governmental regulations. Of necessity, no one handling industrial relations, or acting as consultant, can render effective service unless he is familiar with such statutes and regulations. He must be careful not to suggest a course of conduct which the law forbids. It seems to me clear that defendant's knowledge of the law, and his use of that knowledge as a factor in determining what measures he shall recommend, do not constitute the practise of law; although I

am aware of a suggested definition of the practise of law that includes the rendition of any sort of service which requires the use of any degree of legal knowledge or skill. *Peo. ex rel. Illinois State Bar Assn. v. Peoples etc. Bank* (Ill.) 176 N. E. 901. It is not only presumed that all men know the law, but it is a fact that most men have considerable acquaintaince [*sic*] with the broad features of the law: That certain acts are punishable as crimes; that trespass is actionable; that there must be a consideration for a contract; that land titles pass by deed; that a last will and testament must be witnessed. Our knowledge of the law—accurate or inaccurate—moulds our conduct not only when we are acting for ourselves, but when we are serving others. It may well be recalled that Blackstone's Commentaries were originally read as lectures at Oxford, not to young men who expected to become lawyers, but to the generality of the students that they might acquire "a competent knowledge of the laws of that society in which we live". Bankers, liquor dealers and laymen generally possess rather precise knowledge of the laws touching their particular business or profession. A good example is the architect, who must be familiar with zoning, building and fire prevention codes, factory and tenement house statutes, and who draws plans and specifications in harmony with the law. This is not practising law.

But suppose the architect, asked by his client to omit a fire tower, replies that it is required by the statute. Or the industrial relations expert cites in support of some measure that he recommends, a decision of the National Labor Relations Board. Are they practising law? In my opinion, they are not, provided no separate fee is charged for the legal advice or information, and the legal question is subordinate and incidental to a major non-legal problem. *Herrick v. American Security etc.* Co., 107 F (2) 271; *Lowell Bar Assn. v. Loeb* (Mass.) 52 N. E. 27; *Elfenbein v. Luckenback Terminals,* 111 N. J. L. 67. It is largely a matter of degree and of custom.

If it were usual for one intending to erect a building on his land to engage a lawyer to advise him and the architect in respect to the building code and the like, then an architect who performed this function would probably be considered to be trespassing on territory reserved for licensed attorneys. Likewise, if the industrial relations field had been pre-empted by lawyers, or custom placed a lawyer always at the elbow of the lay personnel man. But this is not the case. The most important body of industrial relations experts are the officers and business agents of the labor unions—and few of them are lawyers. See *Liberty Mutual v. Jones* (Mo.) 130 S. W. (2) 945. Among the larger corporate employers, it has been the practise for some years to delegate special responsibility in employee matters to a management group chosen for their practical knowledge and skill in such matters, and without regard to legal training or lack of it. More recently consultants like the defendant have tendered to the smaller employers the same service that the larger employers get from their own specialized staff.

The handling of industrial relations is growing into a recognized profession for which appropriate courses are offered by our leading universities. The Rutgers School of Business Administration, for instance, presents Labor

Economics, Personnel Management, Techniques of Collective Bargaining, Manpower Management and Research in Personnel. The most extensive program of the kind is found in Cornell University where there has been established a separate School of [Industrial and Labor Relations] Labor Management Relations. The court should be very cautious about declaring a wide-spread, well-established method of conducting business as unlawful, or that the considerable class of men who customarily perform a certain function have no right to do so, or that the technical education given by our schools cannot be used by the graduates in their business.

In determining whether a man is practising law, we should consider his work for any particular client or customer, as a whole. I can imagine defendant being engaged primarily to advise as to the law defining his client's obligations to his employees, to guide his client along the path charted by law. This, of course, would be the practise of the law. But such is not the fact in the case before me. Defendant's primary efforts are along economic and psychological lines. The law only provides the frame within which he must work, just as the zoning code limits the kind of building the architect may plan. The incidental legal advice or information defendant may give, does not transform his activities into the practise of law. Let me add that if, even as a minor feature of his work, he performed services which are customarily reserved to members of the bar, he would be practising law. For instance, if as part of a welfare program, he drew employees' will.

Another branch of defendant's work is the representation of the employer in the adjustment of grievances in collective bargaining, with or without a mediator. This is not per se the practise of law. Anyone may use an agent for negotiations and may select an agent particularly skilled in the subject under discussion, and the person appointed is free to accept the employment whether or not he is a member of the bar. Here, however, there may be an exception where the business turns on a question of law. Most real estate sales are negotiated by brokers who are not lawyers. But if the value of the land depends on a disputed right of way and the principal role of the negotiator is to assess the probable outcome of the dispute and persuade the opposite party to the same opinion, then it may be that only a lawyer can accept the assignment. Or if a controversy between an employer and his men grows from differing interpretations of a contract, or a statute, it is quite likely that defendant should not handle it. *Fitchette v. Taylor* (Minn.) 254 N. W. 910; 94 A.L.R. 350. But I need not reach a definite conclusion here, since the situation is not presented by the proofs.

Defendant also offers to represent the employer before administrative agencies of the Federal government, especially before Trial Examiners of the National Labor Relations Board. An agency of the Federal government, acting by virtue of an authority granted by the Congress, may regulate the representation of parties before such agency. *In re Lyon* (Mass.) 16 N. E. (2) 74. The State of New Jersey is without power to interfere with such determination or to forbid representation before the agency by one whom the agency admits. The rules of the National Labor Relations Board give to a party the right

to appear "in person, or by counsel, or by other representative". *Rules and Regulations, September 11, 1945, sec. 203.31.* "Counsel" here means a licensed attorney, and "other representative" one not a lawyer. In this phase of his work, defendant may lawfully do whatever the Labor Board allows, even arguing questions purely legal.

It does not appear that the defendant's activities, actual or contemplated, constitute the unlawful practise of law, and so the bill must be dismissed.

RECENT PUBLICATIONS

J. GORMLY MILLER

[A list of publications in the field of industrial and labor relations will appear regularly in each issue. The present list includes only books and pamphlets published during the first half of 1947. Future listings will be on a quarterly basis and will include significant periodical literature. J. Gormly Miller is Librarian at the New York State School of Industrial and Labor Relations, Cornell University.—EDITOR]

LABOR RELATIONS

American Management Association. *Checking the Effectiveness of Employee Communication.* (Personnel Series 108) New York, 1947. Pp. 46.

American Management Association. *Economic Factors in Labor Relations.* (Personnel Series 109) New York, 1947. Pp. 35.

American Management Association. *Industrial Relations and Social Change.* (Personnel Series 106) New York, 1947. Pp. 30.

American Management Association. *Reporting to Employees and to the Public on Profits and Productivity.* (Financial Management Series 88) New York, 1947. Pp. 43.

America's Town Meeting of the Air. *Should We Have Labor-Management Courts to Settle Labor Disputes?* New York: Town Hall, Inc., 1947. Pp. 24.

Chamber of Commerce of the United States. *Industrial Relations in America.* Policy Declarations adopted at the 35th Annual Meeting, May 1, 1946. Washington, 1947. Pp. 5.

Iserman, T. R. *Industrial Peace and the Wagner Act.* New York: McGraw-Hill, 1947. Pp. 91.

Johnson, O. T. *Towards an Analysis of the Labor Problem.* 1947. Pp. 68.

Massachusetts. Governor's Labor-Management Committee. *Massachusetts Proposals for Better Industrial Relations.* Report of the Governor's Labor-Management Committee. Boston: New England Council, 1947. Pp. 41.

National Association of Manufacturers. *The Closed Shop.* New York, 1947. Pp. 16. mimeo.

National Policy Committee. *Working Principles for Labor-Management Relations.* Series 1–4. Washington, 1947.

Slichter, S. H. *The Challenge of Industrial Relations.* Ithaca, New York: Cornell University Press, 1947. Pp. 196.

The Company Publication 1947: A Special Study. Report to Management on Developments in Media for Industrial Peace. Chicago: Newcomb and Sammons, 1947. Pp. 13. mimeo.

Tucker, B. F. *Guide to the National Industrial Relations Act.* New York: Commerce Clearing House, 1947. Pp. 320.

U. S. Civilian Production Administration. Bureau of Demobilization. *Labor Policies of the National Defense Advisory Commission and the Office of Production Management.* (War Production Board Special Studies No. 23) Washington: Government Printing Office, 1947. Pp. 247. mimeo.

U. S. Library of Congress. Legislative Reference Service. *Industrial Relations Policy.* Proposals to Modify the Law and Practice of Industrial Relations and Analyses of Selected Bills. Washington, 1947. Pp. 92. mimeo.

U. S. National Labor Relations Board. *Decisions and Orders of the National Labor Relations Board, June 25, 1946 to September 20, 1946.* Vols. 69 and 70. Washington: Government Printing Office, 1947.

U. S. National Labor Relations Board. *11th Annual Report for the Fiscal Year Ended June 30, 1946.* Washington: Government Printing Office, 1947. Pp. 198.

U. S. National Mediation Board. *12th Annual Report of the National Mediation Board Including the National Railroad Adjustment Board for the Fiscal Year Ended June 30, 1946.* Washington: Government Printing Office, 1947.

ARBITRATION

American Arbitration Association. *A Guide to Labor Arbitration Clauses.* New York, 1947. Pp. 12.

Bureau of National Affairs. *Key to Labor Arbitration Reports Covering Vol. 1–5, Including Directory of Arbitrators.* Vol. 6, No. 48 Supplement. Washington, 1947. Pp. 165.

Bureau of National Affairs. *Labor Arbitration Reports: Dispute Settlements.* Vol. 5. Washington, 1947. Pp. 945.

U. S. Division of Labor Standards. *Arbitration of Grievances.* Washington: Government Printing Office, 1947. Pp. 39.

U. S. National Mediation Board. *Transcript of Proceedings of the Arbitration Board. Wage Increase Cases.* Brotherhood of Locomotive Firemen and Engineers, Order of Railway Conductors and Switchmens Union of North America vs. Designated Railroads. Chicago, 1947.

U. S. National Mediation Board. *Transcript of Proceedings of the Arbitration Board. Fifteen Cooperating Railway Labor Organizations vs. Designated Railroads.* Chicago, 1947.

U. S. President's Emergency Board. *Transcript of Proceedings of the President's Emergency Board. Wage Rules Case.* Brotherhood of Locomotive

Engineers, Brotherhood of Railroad Trainmen vs. Designated Railroads. Chicago, 1947. Pp. 1739.

Zack, S. R. *Arbitration of Labor Disputes: Cases from an Arbitrator's Files.* Great Neck, New York: Doniger and Raughley, 1947. Pp. 240.

COLLECTIVE BARGAINING

American Management Association. *Negotiating and Interpreting the Labor Agreement.* (Personnel Series 110) New York, 1947. Pp. 64.

Greenman, R. *Getting Along With Unions.* New York: Harper, 1947. Pp. 158.

Labor Relations Institute. *Contract Clauses for Cost Conscious Employers.* New York, 1947. Pp. 54.

National Association of Manufacturers. *Preparing to Negotiate.* New York, 1947. Pp. 18.

National Industrial Conference Board. *Collective Bargaining.* General Analysis of Union Contracts in 17 Industries. New York, 1947. 21 sheets.

U. S. Bureau of Labor Statistics. *Collective Bargaining with Associations and Groups of Employers.* (Bulletin 897) Washington: Government Printing Office, 1947. Pp. 14.

U. S. Bureau of Labor Statistics. *Extent of Collective Bargaining and Union Recognition, 1946.* Washington, 1947. Pp. 15. mimeo.

LABOR DISPUTES

Gerhart, E. C. *Strikes and Eminent Domain.* 1947. Pp. 9. mimeo.

Twentieth Century Fund. *Facts and Issues in the Telephone Dispute.* Washington, 1947. Pp. 6. mimeo.

Twentieth Century Fund. *Strikes and Democratic Government: A Report by the Labor Committee of the Twentieth Century Fund.* New York, 1947. Pp. 31.

U. S. Bureau of Labor Statistics. *Strikes and Lockouts.* (Preliminary Draft) Washington: Government Printing Office, 1947. Pp. 42. mimeo.

Warner, W. L., and Low, J. O. *The Social System of the Modern Factory.* New Haven, Connecticut: Yale University Press, 1947. Pp. 245.

LABOR LEGISLATION

American Economic Foundation. *Do We Need New Labor Legislation?* (Wake Up America Broadcast) New York, 1947. Pp. 15.

Chamber of Commerce of the United States. *The Fair Labor Standards Act of 1938 as Amended.* (Referendum 90) Washington, 1947. Pp. 22.

Chamber of Commerce of the United States. *Labor Reforms Are Needed: Legislative Program of the Chamber of Commerce as Presented in a State-*

ment by W. Homer Hartz Before the Senate Labor and Public Welfare Committee. Washington, 1947. Pp. 30.

Illinois University. Institute of Labor and Industrial Relations. *The Employment Act of 1946.* Urbana, 1947. Pp. 19.

Illinois University. Institute of Labor and Industrial Relations. *Federal Labor Legislation of 1946.* Urbana, 1947. Pp. 12.

Metz, H. W., and Jacobstein, M. *A National Labor Policy.* Washington: Brookings Institution, 1947. Pp. 164.

U. S. Congress, House. Committee on Education and Labor. *Hearings Before the Committee on Bills to Amend and Repeal the National Labor Relations Act and for Other Purposes.* 4 volumes. Washington: Government Printing Office, 1947.

U. S. Congress, House. *Labor Management Relations Act of 1947.* Conference Report to Accompany H. R. 3020. (House Report 510) Washington: Government Printing Office, 1947. Pp. 69.

U. S. Congress, Senate. Committee on Expenditures in the Executive Departments. *Hearings on S. 140, A Bill to Create an Executive Department of the Government to be Known as the Department of Health, Education and Security, and S. 712, A Bill to Constitute the Federal Security Agency a Department of Health, Education and Security.* 2 parts. Washington: Government Printing Office, 1947. Pp. 46.

U. S. Congress, Senate. Committee on Labor and Public Welfare. *Federal Labor Relations Act of 1947.* (Senate Report 105) Washington: Government Printing Office, 1947.

U. S. Congress, Senate. Committee on Labor and Public Welfare. *Hearings before the Committee on S. 55 and S. J. Res. 22 and All Other Bills Having the Object of Reducing Industrial Strife in the United States.* 5 parts. Washington: Government Printing Office, 1947.

U. S. Congress, Senate. *Federal Labor Relations Act of 1947: Minority Views.* (Senate Report 105, Part II) Washington: Government Printing Office, 1947.

U. S. Division of Labor Standards. *Federal Labor Laws and Agencies: A Guide for Shop Stewards and Supervisors.* (Bulletin 79) Washington, 1947. Pp. 78.

Wilson, C. E. *Legislation for Labor Peace.* Statement of C. E. Wilson, President of General Motors Corporation Before the Senate Committee on Labor and Public Welfare, February 5, 1947. Pp. 30.

LABOR ORGANIZATIONS

Boyer, R. O. *The Dark Ship.* Boston: Little Brown and Company, 1947. Pp. 306.

Brown, L. C. *Union Policies in the Leather Industry.* Cambridge, Massachusetts: Harvard University Press, 1947. Pp. 246.

Burns, R. K. *Unionization of White Collar Workers.* Chicago: Industrial Relations Center, University of Chicago, 1947. Pp. 20. mimeo.

Congress of Industrial Organizations. *The Drive Against Labor: An Analysis of Recent Legislative Proposals to Restrict Union Activity.* Washington, 1947. Pp. 35.

International Ladies' Garment Workers' Union. Education Department. *And the Pursuit of Happiness.* New York, 1947.

Kraus, H. *The Many and the Few: A Chronicle of the Dynamic Automobile Workers.* Los Angeles: Plantin Press, 1947. Pp. 239.

Northwestern University on the Air: *What are Labor's Responsibilities to the Public?* Evanston, Illinois, 1947. Pp. 12.

Patch, B. W. *Labor Unions, the Public and the Law.* (Editorial Research Report I, No. 1) Washington: Editorial Research Reports, 1947. Pp. 22.

United Electrical, Radio and Machine Workers of America. *The UE Record.* New York, 1947. Pp. 53.

United Office and Professional Workers of America. *How A Local Union Works: A Cartoon Guide.* New York, 1947. Pp. 15. mimeo.

U. S. Congress, House. Committee on Education and Labor. *Testimony of Sam B. Eubanks, Michael Harris, Arthur Rordan, and J. Davis Stern.* The Philadelphia Record Case. Volume 1. Washington: Government Printing Office, 1947. Pp. 196.

ECONOMIC POLICY AND PLANNING

Backman, J., and Gainsbrugh, M. R. *Profits in the National Economy.* New York: National Industrial Conference Board, 1947. Pp. 31.

Burns, A. F. *Stepping Stones Toward the Future.* (27th Annual Report of the National Bureau of Economic Research) New York: National Bureau of Economic Research, 1947. Pp. 91.

Committee on Postwar Tax Policy. *A Tax Program for a Solvent America.* New York, 1947. Pp. 170.

Dewey, E. R. *Cycles, the Science of Prediction.* New York: Henry Holt, 1947. Pp. 225.

Dewhurst, F., and Associates. *America's Needs and Resources.* New York: Twentieth Century Fund, 1947. Pp. 812.

Gemmill, P. F., and Blodgett, R. H. *Current Economic Problems.* New York: Harper, 1947. Pp. 760.

Knight, F. H. *Freedom and Reform.* New York: Harper, 1947. Pp. 409.

National Industrial Conference Board. *America's Resources for World Leadership.* New York, 1947. Pp. 32.

Patch, B. *Enforcement of the Anti-Trust Laws.* (Editorial Research Report I, No. 7) Washington: Editorial Research Reports, 1947. Pp. 125–144.

Rodgers, C. *American Planning: Past—Present—Future.* New York: Harper, 1947. Pp. 290.

U. S. President. *Economic Report to the President.* Transmitted to the Congress, January 8, 1947. Washington: Government Printing Office, 1947. Pp. 54.

U. S. President's Council of Economic Advisers. *First Annual Report to the President.* Washington: Government Printing Office, 1947. Pp. 26.

University of Pennsylvania. Wharton School of Finance and Commerce. *The Conditions of Industrial Peace.* Addresses at the 25th Anniversary of the Industrial Research Department. Philadelphia, 1947. Pp. 80.

INTERNATIONAL INDUSTRIAL AND LABOR CONDITIONS

Canada. Department of Labour. *Annual Report for the Fiscal Year Ending March 31, 1946.* Ottawa: Edmond Cloutier, 1947. Pp. 116.

Canada. Department of Labour. *Report of the Canadian Government Delegates to the 29th Session of the International Labour Conference, Montreal, September 19 to October 9, 1946.* Ottawa: Edmond Cloutier, 1947. Pp. 110.

Canada. Department of Labour. *35th Annual Report on Labour Organization in Canada for the Calendar Year 1945.* Ottawa: Edmond Cloutier, 1947. Pp. 90.

Congress of Industrial Organizations. *You and the WFTU: The Story of the World Federation of Trade Unions.* Washington, 1947. Pp. 15.

Ehrmann, W. H. *French Labor from Popular Front to Liberation.* New York: Oxford University Press, 1947. Pp. 329.

Great Britain. Board of Trade. *Working Party Reports: Heavy Clothing.* London: H. M. Stationery Office, 1947. Pp. 208.

Great Britain. Minister of Labour and National Service. *Statement on the Economic Considerations Affecting Relations Between Employers and Workers.* London: H. M. Stationery Office, 1947. Pp. 9.

International Labor Organization. Inland Transport Committee. *Report I, General Report.* (Proposed Conventions, Geneva, 1947. 2nd Session) Montreal, 1947. Pp. 53.

International Labor Organization. Inland Transport Committee. *Report III, Industrial Relations in Inland Transport.* (Proposed Conventions, Geneva, 1947. 2nd Session) Montreal, 1947. Pp. 87.

International Labor Organization. Inland Transport Committee. *Report IV, Inland Transport Statistics.* (Proposed Conventions, Geneva, 1947. 2nd Session) Montreal, 1947. Pp. 41.

LABOR CONDITIONS AND PROBLEMS

Archibald, K. *Wartime Shipyard: A Study of Social Disunity.* Berkeley: University of California Press, 1947. Pp. 237.

Budenz, L. F. *This Is My Story.* New York: McGraw-Hill, 1947. Pp. 379.

Foner, P. S. *History of the Labor Movement in the United States from Colonial Times to the Founding of the American Federation of Labor.* New York: International Publishers, 1947. Pp. 576.

Golden, C. S. *The Interests of Labor in Achieving Better Relationships with Agriculture and Industry: An Address before the National Farm Institute.* Des Moines, Iowa, February 15, 1947. Pp. 7. mimeo.

Social Science Research Council. Committee on Labor Market Research. *Memorandum on University Research Programs in the Field of Labor.* Washington, 1947. Pp. 42.

U. S. Bureau of Labor Statistics. *Summary of Current Technological Developments.* Washington: Government Printing Office, 1947. Pp. 26. mimeo.

U. S. Retraining and Reemployment Administration. *Migrant Labor, A Human Problem.* Report and Recommendations of Federal Interagency Committee on Migrant Labor. Washington: Government Printing Office, 1947. Pp. 58.

University of Chicago Round Table. *Labor, Congress and the Supreme Court.* A Radio discussion by C. Gregory, M. Sharp, and W. W. Wirtz. (Broadcast 471) Chicago, 1947. Pp. 29.

Waring, P. A., and Golden, C. P. *Soil and Steel.* New York: Harper, 1947. Pp. 240.

EMPLOYMENT AND UNEMPLOYMENT

Ducoff, L. J., and Hagood, M. J. *Labor Force Definition and Measurement.* New York: Social Science Research Council, 1947. Pp. 134.

Fisher, A. G. B. *International Implications of Full Employment in Great Britain.* London: Royal Institute of International Affairs, 1947.

Hansen, A. H. *Economic Policy and Full Employment.* New York: Whittlesey House, 1947. Pp. 340.

May, S. C., and Norris, A. G. *Estimates of California Employment and Unemployment, 1946–1947.* Berkeley: Bureau of Public Administration, University of California, 1947. Pp. 49. mimeo.

National Committee on Immigration Policy. *Immigration and Population Policy.* New York, 1947. Pp. 56.

New York State. Division of Placement and Unemployment Insurance. *Labor Market Outlook.* A Report for Counselors and Educators. New York, 1947. Pp. 124. mimeo.

U. S. Bureau of Labor Statistics. *Labor Requirements for Construction Materials. Part III: Concrete Pipe.* (Bulletin 888–3) Washington: Government Printing Office, 1947. Pp. 8.

U. S. Bureau of Labor Statistics. *State and Regional Variations in Prospective Labor Supply.* (Bulletin 893) Washington: Government Printing Office, 1947. Pp. 34.

Washington. Unemployment Compensation and Placement. *Seasonal Employees, Workers and Claimants Under the Washington Unemployment Compensation Act.* Olympia, Washington, 1947. Pp. 14.

WAGES

Chamber of Commerce of the United States. *Wage Determination and the Economics of Liberalism.* Washington, 1947. Pp. 105.

Princeton University. Industrial Relations Center. *Incentive Wage Systems: A Selected Annotated Bibliography.* (Bibliographical series 79) Princeton, 1947. Pp. 16. mimeo.

Research in Wages. Minutes of a conference held on April 4–5, 1947, at the Yale Labor and Management Center under the auspices of the Labor Market Research Committee and Social Science Research Council. New Haven, 1947. Pp. 23. mimeo.

Slichter, S. H. *When are Wages Too Low? When are Profits Too High? What is the Role of Profits in a Free Economy?* An Answer to the Nathan Report. New York: Bank of New York, 1947. Pp. 16.

U. S. Bureau of Labor Statistics. *Incentive Wage Provisions.* (Preliminary Draft) Washington, 1947. Pp. 44. mimeo.

WAGE DATA

American Newspaper Guild. *A Report on the 1947 National Wage Program of the Newspaper Guild of America.* New York, 1947. Pp. 33. mimeo.

Canada. Department of Labour. *Wages and Hours in the Primary Textiles Industry in Canada, 1945.* (Issued as a supplement to the Labour Gazette, February, 1947.) Ottawa, Canada, 1947. Pp. 20.

U. S. Bureau of Labor Statistics. *Building Trades, July 1, 1946.* (Union Wage Scales) Washington, 1947. Pp. 128. mimeo.

———. *Cigarettes, Chewing and Smoking Tobacco and Snuff, 1946.* (Wage Structure Series 2, No. 28) 1947. Pp. 41. mimeo.

———. *Cigars, 1946.* (Wage Structure Series 2, No. 27) 1947. Pp. 31. mimeo.

———. *Copper Alloying, Rolling and Drawing, 1946.* (Wage Structure Series 2, No. 35) 1947. Pp. 19. mimeo.

———. *Cotton Textiles, 1946.* (Wage Structure Series 2, No. 37.) 1947. Pp. 57. mimeo.

———. *Department and Clothing Stores, 1945.* (Wage Structure Series 2, No. 26) 1947. Pp. 55. mimeo.

———. *Footwear, 1945.* (Wage Structure Series 2, No. 23) 1947. Pp. 31. mimeo.

———. *Job Descriptions for Wage Studies: Furniture.* 1947. Pp. 23. mimeo.

———. *Newspaper Printing Trades, 1946.* (Union Wage Scales) 1947. Pp. 30. mimeo.

———. *Paints and Varnishes, 1946.* (Wage Structure Series 2, No. 38) 1947. Pp. 25. mimeo.

———. *Paper and Allied Products.* (Industry Wage Studies. Appendix K) 1947. Pp. 22. mimeo.

———. *Paperboard Containers and Boxes, 1945.* (Wage Structure Series 2, No. 33) 1947. Pp. 65. mimeo.

———. *Perfume and Cosmetics, 1946.* (Wage Structure Series 2, No. 43) 1947. Pp. 21. mimeo.

———. *Rayon and Silk Textiles, 1946.* (Wage Structure Series 2, No. 41) 1947. Pp. 39. mimeo.

———. *Soap and Glycerin, 1946.* (Wage Structure Series 2, No. 36) 1947. Pp. 23. mimeo.

———. *Tobacco.* (Wage Structure Series. Appendix J) 1947. Pp. 15. mimeo.

———. *Warehousing, 1945.* (Wage Structure Series 2, No. 29) 1947. Pp. 31. mimeo.

———. *Women's and Misses Dresses, 1945.* (Wage Structure Series 2, No. 24) 1947. Pp. 33. mimeo.

———. *Women's and Misses Suits and Coats, 1946.* (Wage Structure Series 2, No. 45) 1947. Pp. 23. mimeo.

———. *Wood Furniture, 1945.* (Wage Structure Series 2, No. 30) 1947. Pp. 55. mimeo.

———. *Woolen and Worsted Textiles, 1946.* (Wage Structure Series 2, No. 40) 1947. Pp. 41. mimeo.

U. S. Division of Labor Standards. *Workers' Savings and Income in 1945.* 1947. Pp. 5. mimeo.

Wheildon, L. B. *Labor Costs and the Future of Coal.* (Editorial Research Report I, No 3.) Washington: Editorial Research Reports, 1947. Pp. 51–68.

WAGE–PRICE CONTROVERSY

American Economic Foundation. *Can Our Economy Afford a General Wage Increase at This Time?* (Wake Up America Broadcast) New York, 1947. P. 1.

America's Town Meeting of the Air. *Can We Have a 25% Wage Boost Without Raising Prices?* New York: Town Hall, Inc., 1947. Pp. 24.

Backman, J. *Profits: A Critical Appraisal of the Nathan Report.* New York: School of Commerce, Finance and Accounts, New York University, 1947. mimeo.

Congress of Industrial Organizations. *Raise Wages—Not Prices.* Washington, 1947. Pp. 59.

United Automobile Workers, CIO. *Wages, Prices, Profits.* The Automobile Workers' Case for a 23½ Cent Wage Increase. Detroit, Michigan, 1947. Pp. 58.

U. S. Congress, Senate. *Data on Wages and Profits: An Economic Analysis Prepared by the Legislative Reference Service of the Library of Congress for the Committee on Labor and Public Welfare.* Washington: Government Printing Office, 1947. Pp. 18.

GUARANTEED WAGES

Snider, J. L. *The Guarantee of Work and Wages.* Boston: Graduate School of Business Administration, Harvard University, 1947. Pp. 191.

U. S. Office of War Mobilization and Reconversion. *Guaranteed Wages: A Report to the President by the Advisory Council.* Washington: Government Printing Office, 1947. Pp. 473.

Wheildon, L. B. *Guarantee of Wages and Employment.* (Editorial Research Report 22) Washington: Editorial Research Reports, 1947.

MINIMUM WAGES

Bureau of National Affairs. *Wage and Hour Cases.* Vol. 5. Washington, 1947. Pp. 1127.

Report of the Beauty Service Minimum Wage Board to the Industrial Commissioner, New York State, May 5, 1947. New York, 1947. Pp. 18. mimeo.

Report of the Laundry Minimum Wage Board to the Industrial Commissioner, New York State, April 3, 1947. New York, 1947. Pp. 19. mimeo.

U. S. Wage and Hour and Public Contract Division. *1946 Annual Report.* Washington: Government Printing Office, 1947.

U. S. Women's Bureau. *Facts on the Minimum Wage Laws.* Washington, 1947.

PORTAL-TO-PORTAL PAY

American Economic Foundation. *What are the Issues of Portal-to-Portal Pay?* (Wake Up America Broadcast) New York, 1947. Pp. 15.

Bureau of National Affairs. *The Portal-to-Portal Act of 1947.* Washington, 1947. Pp. 90 and appendices.

Rich, R. F. *Portal-to-Portal Cases.* Washington: Government Printing Office, 1947. Pp. 6.

U. S. Congress, House. Committee on the Judiciary. *Hearings on H. R. 584, A Bill to Define the Jurisdiction of the Courts, to Regulate Actions Arising Under the Laws of the United States and for Other Purposes.* Washington: Government Printing Office, 1947. Pp. 513.

U. S. Congress, Senate. Committee on the Judiciary. *Hearings on S. 70, A Bill to Exempt Employers from Liability for Portal-to-Portal Wages in*

Certain Cases and for Other Purposes. Washington: Government Printing Office, 1947. Pp. 828.

U. S. Wage and Hour and Public Contract Division. *Walling Comments on Portal Problems.* Washington, 1947. Pp. 3. mimeo.

SOCIAL SECURITY

Amalgamated Clothing Workers of America. *The Employee Benefit Program of the Amalgamated Clothing Workers of America.* Washington, 1947. Pp. 6. mimeo.

Columbia Broadcasting System. *A Long Life and a Happy One.* A broadcast as presented April 4, 1947. Pp. 25. mimeo.

Indiana Chamber of Commerce. *Indiana Tax and Social Security Manual.* Indianapolis, 1947.

Massachusetts. Division of Employment Security. State Advisory Council. *Report on Sickness Benefits December 4, 1946.* Boston: Wright and Potter Printers, Legislative Printers, 1947.

National Industrial Conference Board. *Compulsory Sickness Compensation for New York State.* New York, 1947.

National Industrial Conference Board. *Union Health and Welfare: A Symposium on Evolution and Problems of Operation and Experience.* (Studies in Business Economics No. 8) New York, 1947. Pp. 48.

Research Council for Economic Security. *Comparative Costs to the United States of the British Plan for Social Security.* Chicago, 1947. Pp. 15.

Research Council for Economic Security. *Compulsory Social Security in Latin America.* Chicago, 1947. Pp. 7.

Research Council for Economic Security. *Economic Security in the United States.* Chicago, 1947. Pp. 20.

Rhode Island. Unemployment Compensation Board. *Statistical Abstract Cash Sickness Compensation Benefit Year 1944–1945.* Providence, 1947. Pp. 95. mimeo.

U. S. Bureau of Labor Statistics. *Union Health and Welfare Plans.* (Bulletin 900) Washington: Government Printing Office, 1947. Pp. 24.

U. S. Social Security Administration. *Temporary Disability Insurance Coordinated with Unemployment Insurance.* Washington, 1947. Pp. 32. mimeo.

U. S. Social Security Board. *Annual Report for the Fiscal Year 1946.* (Annual Report of the Federal Security Agency. Section 6) Washington: Government Printing Office, 1947. Pp. 425–533.

EMPLOYMENT SECURITY

Delaware. Unemployment Compensation Commission. *Biennial Report for the Years 1945–1946 to the Governor of Delaware.* Wilmington, 1947. Pp. 20.

District of Columbia. *11th Annual Report to the Unemployment Compensation Board for the Calendar Year 1946.* Washington, 1947. Pp. 56. mimeo.

Maryland. Unemployment Compensation Commission. *10th Annual Report to the Governor of Maryland.* Baltimore, 1947. Pp. 54.

Massachusetts. Division of Employment Security. State Advisory Council. *Biennial Report to the General Court.* Boston, 1947. Pp. 56. mimeo.

Missouri. Division of Employment Security. *10th Annual Report for the Calendar Year 1946.* Jefferson City, 1947. Pp. 19.

New York State. Unemployment Insurance Advisory Council. *Report for the Year 1946.* New York, 1947. Pp. 30. mimeo.

New York State. Unemployment Insurance Advisory Council. *Suitable Work Under the New York Employment Laws.* New York, 1947. Pp. 158. mimeo.

Oregon. Unemployment Compensation Commission. *9th Annual Report for 1946.* Salem, 1947. Pp. 36.

Tennessee. Department of Employment Security. Research and Statistics Division. *The Employment Security Program in Tennessee During the Reconversion Period.* Nashville, 1947. Pp. 11. mimeo.

Texas. Unemployment Compensation Commission. *Annual Report, 1946.* Houston, 1947. Pp. 23. mimeo.

Washington. Office of Unemployment Compensation and Placement. *Report on Experience Rating.* Olympia, 1947. Pp. 46. mimeo.

Wyoming. Employment Security Commission. *10th Annual Report for 1946.* Cheyenne, 1947. Pp. 20.

WORKMEN'S COMPENSATION

New York State. Workmen's Compensation Board. *Workmen's Compensation Laws Enacted in 1947.* Albany, 1947. Pp. 73. mimeo.

New York State. Workmen's Compensation Board. *Annual Report 1946.* New York, 1947. Pp. 58. mimeo.

INDUSTRIAL HISTORY AND ORGANIZATION

Brown, A. *Organization in Industry.* New York: Prentice-Hall, 1947. Pp. 370.

Harlow, A. F. *The Road of the Century: The Story of the New York Central.* New York: Creative Age Press, 1947.

James, M. *The Metropolitan Life: A Study of Business Growth.* New York: Viking Press, 1947. Pp. 480.

Lawler, P. F. *Records for the Control of Growing Manufacturing Enterprises.* Boston: Harvard University Graduate School of Business Administration, 1947. Pp. 131.

National Industrial Conference Board. *Industrial Standardization.* (Studies in Business Policy No. 22) New York, 1947. Pp. 64.

Tebbel, J. *An American Dynasty.* New York: Doubleday, 1947. Pp. 363.

INDUSTRY REPORTS

Bain, J. S. *The Economics of the Pacific Coast Petroleum Industry:* Part III, *Public Policy Towards Competition and Pricing.* Berkeley: University of California Press, 1947. Pp. 130.

Chamber of Commerce of the United States. *Status of Major Governmental Controls over the Construction Industry.* Washington, 1947. Pp. 6. mimeo.

Millinery Stabilization Commission. *Fourth Annual Report.* New York, 1947. Pp. 152.

Perry, J. *The Light Metals Industry.* New York: Longmans and Green, 1947. Pp. 128.

U. S. Coal Mines Administration. *A Medical Survey of the Bituminous Coal Industry.* Washington: Government Printing Office, 1947. Pp. 311.

PRODUCTION

American Management Association. *Cutting Tomorrow's Costs.* (Production Series No. 169) New York, 1947. Pp. 55.

American Management Association. *Production Policies for Increased Output.* (Production Series 168) New York, 1947. Pp. 36.

Berkovits. *Mechanics of Full Production and Full Employment.* Chicago: Willcox and Follett, 1947.

Bureau of National Affairs. *What's Ahead for Business and Industry in 1947.* New York, 1947. Pp. 89. mimeo.

Industrial Hygiene Foundation. *Production Comes from People.* Pittsburgh, 1947. Pp. 9.

U. S. Civilian Production Administration. *Production Outlook for 1947.* Washington, 1947. Pp. 44.

PERSONNEL MANAGEMENT AND HUMAN RELATIONS

American Management Association. *Advances in Methods of Personnel Evaluation.* (Personnel Series 107) New York, 1947. Pp. 50.

American Management Association. *Measuring Results of Personnel Functions.* (Personnel Series 111) New York, 1947. Pp. 31.

American Management Association. *The Human Aspects of Methods Improvement.* (Production Series 170) New York, 1947. Pp. 50.

Gilbreth, L. M., and Cook, A. R. *The Foreman in Manpower Management.* (Industrial Organization and Management Series) New York: McGraw-Hill, 1947. Pp. 199.

Halsey, G. D. *Supervising People.* New York: Harper, 1947.

Mundel, M. E. *Systematic Motion and Time Study.* New York: Prentice-Hall, 1947. Pp. 232.

National Industrial Conference Board. *Music in Industry.* (Studies in Personnel Policy No. 78.) New York, 1947. Pp. 32.

National Industrial Conference Board. *Communication Within the Management Group.* (Studies in Personnel Policy No. 80) New York, 1947. Pp. 36.

Princeton University. Industrial Relations Center. *Operation of Job Evaluation Plans: A Survey of Experience.* Princeton, 1947. Pp. 111.

Probst, J. B. *Measuring and Rating Employee Value.* New York: Ronald Press, 1947. Pp. 156.

Rice, W. B. *Control Charts in Factory Management.* New York: John Wiley and Sons, Inc., 1947. Pp. 149.

Tootle, H. K. *Employees are People.* New York: McGraw-Hill, 1947. Pp. 350.

U. S. Retraining and Reemployment Administration. *Federal Government Employment Principles.* Washington, 1947. Pp. 18. mimeo.

University of Pennsylvania. Wharton School of Finance and Commerce. Industrial Research Department. *Management Conferences: How to Run Them.* (Report No. 10) Philadelphia, 1947. Pp. 30.

INDUSTRIAL SAFETY

Lippert, F. C. *Accident Prevention Administration.* (Industrial Organization and Management Series) New York: McGraw-Hill, 1947. Pp. 159.

U. S. Division of Labor Standards. *Guide to Industrial Accident Prevention Through a Joint Labor-Management Safety Committee.* (Bulletin 86) Washington, 1947. Pp. 9. mimeo.

CIVIL RIGHTS

American Civil Liberties Union. *Presenting the American Civil Liberties Union.* New York, 1947. Pp. 8.

Konvitz, M. R. *The Constitution and Civil Rights.* New York: Columbia University Press, 1947. Pp. 254.

Lee, K. *Federal Protection of Civil Liberties.* (Editorial Research Report I, No. 2) Washington: Editorial Research Reports, 1947. Pp. 27–47.

Lee, K. *Investigation of Un-Americanism.* (Editorial Research Report I, No. 5) Washington: Editorial Research Reports, 1947. Pp. 91–106.

Moon, B. *The High Cost of Prejudice.* New York: J. Messner, 1947. Pp. 168.

Murray, F. *The Negro Handbook 1946–1947.* New York: A. A. Wyn, 1947. Pp. 392.

New York State. Commission Against Discrimination. *Annual Report, January 1, 1946–December 31, 1946.* New York, 1947. mimeo.

Watson, G. *Action for Unity.* New York: Harper, 1947. Pp. 165.

EDUCATION AND TRAINING

American Federation of Labor. *Labor and Education in 1945 and 1946.* Report of the Executive Council and the Annual Convention of the AFL on Education in 1945 and the Workers Education Bureau of America. New York, 1947. Pp. 28.

American Labor Education Service. *Annual Report for the Year 1946.* New York, 1947. Pp. 11. mimeo.

American Labor Education Service. *The Union Library.* A Manual Prepared for the Third Annual International Educational Conference, United Automobile Workers–Congress of Industrial Organizations. New York, 1947. Pp. 7. mimeo.

New York State. School of Industrial and Labor Relations. *Work Training for College Students in Industrial and Labor Relations.* (Student Personnel Bulletin No. 1, December, 1946) Geneva, New York: Humphrey Press, 1947. Pp. 30.

Rackstraw, C. E. *Training High School Youth for Employment.* Chicago: American Technical Society, 1947. Pp. 217.

U. S. Division of Labor Standards. *Labor Course Outline: Collective Bargaining.* Washington, 1947. Pp. 13. mimeo.

U. S. Division of Labor Standards. *Labor Course Outlined: Union Government and Administration.* Washington, 1947. Pp. 18. mimeo.

OCCUPATIONS

See, I. *Want a Job?* New York: Ronald Press, 1947. Pp. 118.

U. S. Bureau of Labor Statistics. *Employment Outlook for Business Machine Servicemen.* Washington: Government Printing Office, 1947. Pp. 11.

U. S. Retraining and Reemployment Administration. *Job Hunting Made Practical: The Boston Plan.* Washington: Government Printing Office, 1947. Pp. 13.

U. S. Retraining and Reemployment Administration. *Year End Report to the Retraining and Reemployment Administration Advisory Council.* Washington: Government Printing Office, 1947. Pp. 12.

VETERANS

Congress of Industrial Organizations. *Expiration Dates of Veterans' Rights and Benefits.* Washington, 1947. Pp. 2. mimeo.

Congress of Industrial Organizations. *Vacation Pay for Veterans.* Washington, 1947. Pp. 17. mimeo.

Congress of Industrial Organizations. *Veterans Under the Closed Shop Contract.* Washington, 1947. Pp. 2. mimeo.

U. S. Bureau of Labor Statistics. *Military Service.* (Union contract provisions relating to military service) Washington, 1947. Pp. 48. mimeo.

REVIEWS

Labor Education in Universities: A Study of University Programs. By Caroline F. Ware. New York: American Labor Education Service, 1946. 138 pp.

Dr. Ware because of her experience in the fields of both university and labor education is particularly well equipped to make a study of workers' education as it is currently developing in the colleges and universities. (Awarded the Ph.D. degree in Economic History in 1925, she is now a professor in the School of Social Work at Howard University, a lecturer in Social Economy at the American University, and a visiting professor in the Summer Sessions of the University of Puerto Rico. A pioneer in labor education, Dr. Ware has taught workers in the Bryn Mawr Summer School, the Southern School for Workers, the Hudson Shore Labor School, and the Summer School for Office Workers. In addition, she has observed workers' education in England and Sweden.)

"With so many unresolved problems, with universities of such distinct types engaging in labor education, and with individual leadership playing so important a role at this developmental stage, it is small wonder that few generalizations are possible for the whole field of university-sponsored labor education. Each program, presently operating or projected, has to be studied in itself, in terms of the particular institution, and especially of the program's objectives, in order to understand labor education in universities today," observes Dr. Ware.

While pointing out certain distinctions between workers' education and industrial relations, Dr. Ware classifies university programs by their objectives, "i.e., to advance theoretical knowledge and understanding in administrative techniques within unions, (e.g., Harvard, University of Chicago); to improve the process of collective bargaining and negotiation, (e.g., Rockhurst, St. Joseph's); to increase the effectiveness of labor unions and their members (e.g., Wisconsin, Rhode Island State College, University of Michigan); to enhance the ability and the satisfactions of the individual workers (no present program)."

It is true that no program is designed primarily to enhance the abilities and the satisfactions of the individual workers. However, in practice many instructors, particularly in the programs including field services, have had vivid testimony of personality growth resulting when an individual felt himself to have become more competent to make a worth-while contribution to his local union or to his community. Dr. Ware does well to call our attention to

the need for individual growth. In an industrial society the pressures directed against the individual are so great that it becomes imperative that he be given an opportunity to develop as much confidence as possible in his own ability and worth in order that he may function effectively as a contributing member of his union and other community groups on the local, national, and international level. That this is no small problem is evidenced by our growing numbers of mentally ill and the consequent loss to our civilization, as well as by an increasing interest by labor and management in human relations, in collective bargaining, and in grievance procedure processes.

In considering problems peculiar to university labor education programs, Dr. Ware mentions "the apparent conflict between the desire of labor for sympathetic understanding and support and the insistence by university representatives on objectivity and the application of the scientific method." Dr. Ware concludes, after analyzing the situation: "Finally, all the university programs are seeking a broader and better understanding of social and economic problems rather than to teach mere skills or to promote causes. Each of the universities visited for this study was attempting to define its labor education program in terms which were consistent with the general role of the university in the community and to distinguish the functions of the university in the field of labor education from those of the union itself."

It may be, however, that in the face of current legislation, which labor feels is unduly restrictive of its rights, the whole problem of the scientific approach will become more acute as it relates to programs of workers' education. Dr. Ware notes, "By the Spring of 1946, the programs discussed in this report had only begun to bridge the gulf between the world of the university and the world of labor." It would be a serious disservice to the total community should that bridging be destroyed and the gulf widened.

In her conclusions regarding techniques of workers' education, Dr. Ware states: "This study has found no significant new contributions to the techniques and methods of workers' education in the university programs now in operation. On the contrary, the body of past experiences in the development of workers' education techniques appears, with some exceptions, to be little known or considered in most university programs. There is room for a careful appraisal of techniques developed in the past with a view to their applicability to the conditions of labor today, and for further experimentation in methods and techniques."

Are the materials Dr. Ware mentions available in book or pamphlet form? If so, they need to be made known to university people. If the material is not available, Dr. Ware and her associates in the American Labor Education Service would be performing a further needed service by preparing such information for people in labor education programs.

In spite of her concern over the fact that, "In general, university programs have not advanced the educational techniques already well developed in workers' education," Dr. Ware points out, "Considerable experimentation has been evidenced in connection with several programs, however, particularly in the development of teaching materials." Among other examples, she cites

the work planned by both the New York State School of Industrial and Labor Relations at Cornell and by the University of Chicago in developing new materials and new methods of utilizing materials. It is important that all university programs should carry on such experimentation, if they are to fulfill their obligations to the people they serve.

Dr. Ware's study is a much-needed initial effort to appraise university programs. The future contains a challenge, both to the universities and to the labor movement, with regard to their ability to develop the types of services for workers which will be most significant. The test will be the degree to which universities and colleges will be able to convince workers that the universities can and will offer educational services that will promote their interests and develop their talents as workers and citizens to the same degree as has been done for business, professional, and agricultural groups.

The future should bring other studies of the broad field of labor education and specifically of workers' education programs, as well as of individual projects undertaken within each of these fields.

ARTHUR A. ELDER*

Capitalism, Socialism and Democracy. By Joseph A. Schumpeter. 2d ed. New York: Harper and Bros., 1947. xiv, 411 pp.

This is a sophisticated book written by a sophisticated economist. The author, prior to assuming, in 1932, his present position as Professor of Economics at Harvard University, was Professor of Economics at Bonn, Germany, and prior thereto served in the same capacity at Graz, Austria. From 1919 to 1920 he was Minister of Finance in the Austrian Government. Born in Czechoslovakia, educated in Austria, and twice in exile, first in Germany and later in this country, Schumpeter has had a much greater exposure to diverse cultures than is the fortune or misfortune of most economists.

A man who can call no country his own may suffer certain disabilities, but an exilic existence also has its compensations. The scale of training, the breadth of background, the knowledge of peoples and institutions that is reflected on every page and in every footnote of this book are among the important assets that this nomadic intellectual has been able to acquire during his peregrinations.

These biographical details might be considered irrelevant in assessing what a man has to say about such important subjects as capitalism, socialism, and democracy. But they are relevant, highly so, for the reason that Schumpeter himself emphasizes. So much of what is written in the social sciences is scarcely worth the paper consumed in its production because authors write about the behavior of men in groups without possessing knowledge either of men or groups. At least what knowledge they possess is circumscribed by the words and symbols they were taught in school, and schools can seldom, if ever, go

*Director, Workers' Educational Service, University of Michigan.

beyond instructing the young in tools useful for acquiring knowledge, never in knowledge itself.

Experience may be a prerequisite for social judgment, but it is surely no guarantee thereof. Nobody who has been intimately acquainted with men of affairs, whose work helps to create the very experience that analysts seek to comprehend, can have failed to have been amazed not once, but a thousand times, how little these men of affairs understand the forces they control. The management of a corporation, successful maneuvering on the floor of the Senate, the planning of a military campaign may in fact depend to a very high degree on an illusive, emotional predisposition for the job, plus a specific technical competence. These are important traits but not nearly sufficient for a mature understanding of social development.

So much by way of introducing our author. What has he set out to do? Simply this: Within the compass of approximately four hundred pages, he deals with five major themes—Marx and Marxian doctrine, the forces leading to a decomposition of capitalism, proof that socialism can work, the relations of socialism to democracy, and an historical sketch of socialist parties (down to July 1946).

Several points as to form: The author himself admits that these five parts are not woven together into an integrated whole, but that each stands as an independent essay, connected to the others only by emergency bridges. The book is written as only an academic would write it if he were interested in presenting his points of view for the benefit of his fellow academicians. It takes much for granted. In the historical sections, the reader is supposed to be, if not thoroughly, at least competently trained in modern European history and politics; in the sections dealing with trends in modern capitalism, the reader will be able to follow the argument only if he is sufficiently expert in economic theory to appreciate glosses on Marshall, Wicksell, and Keynes. And unless the reader controls sufficient details to reach independent conclusions about Lassalle, Ramsay MacDonald, and Lenin—to mention only these three—he will be ill at ease when reading the last section of the book.

The reader will have further difficulties. Every other page has its footnote, sometimes more than one. They do not clarify obscure points in the text, but rather supplement it, and, in the process of supplementation, they lead the reader away from the main argument which he can follow only with the greatest effort unless he is as learned as the author. But since this book is definitely not fare for business executives, labor leaders, or statesmen, perhaps it does not matter that the author has refused to remove any part of his scientific scaffolding. If one is writing for a specialized audience, primarily for graduate students and colleagues, halfway compromises have little point.

So much for form. What about content? The book is chock-full of ideas; there are several per page. No review can hope to deal with more than a selected few. In fairness to the author, the selection should include his most important themes. Although emphasis and proportion are not the strength of this book, but rather range, subtlety, and paradox, it is nevertheless possible to isolate the author's most important theses.

Schumpeter writes about Marxian doctrine in terms of Marx the Prophet, the Sociologist, the Economist, and the Teacher. Concerning each he has much of interest to say, but little that is original or penetrating. His major thesis is a simple one: Marx's strength lay in his synthesis, in his ability to weave into a coherent system the evidence of history, economic analysis, and politics; a system that helps to illuminate not only the past and the present, but also the future. When one recalls the meagre diet of post-Ricardian economics, which abstracted from so much that was important in the life of the individual and the life of a nation, the grandeur of Marx's achievement is placed in sharper perspective.

Synthesis has its price. The man who tries to see clearly does not always possess the capacity, energy, or interest in arguing correctly. Schumpeter distinguishes between Marx's vision and his theory. The first he admires; the second, he minimizes, for he has put it to the test and found it wanting.

The problem of "truth" in social analysis is subtle, and the question may be asked whether a contribution is ever more than an illumination of hitherto obscure relations. There seems to be a wealth of evidence in the history of the social sciences, particularly in economics, that it is the "vision" and not the "logic" that counts. However, a vision to be truly effective must have the protection that logic can offer, the support that can be obtained from a system. As Schumpeter correctly stresses, Marx's strength is here: a vision worked out into a system that can be used for solving problems in almost every area of life and thought. Some of the solutions, perhaps most, will be false, for Marx's system, like every system, has inherent limitations. In a world in which knowledge and insight grow by accretion—if they grow at all—the "system" is certain to be improved upon. But the test of its value must be sought in what it can contribute to increasing knowledge and insight. On these terms Marx's contribution was very great indeed.

Capitalism Schumpeter defines in Part 2 as a "method of economic change and [it] not only never is but never can be stationary." The essential fact about Capitalism is the process of "Creative Destruction" which incessantly revolutionizes the economic structure from within. This revolution foreshadows the collapse of capitalism.

An admirer of paradox, Schumpeter argues that this transformation of capitalism, which spells its doom, proceeds from the success of the system, and not, as Marx argued, from its failure. He presents selective evidence to prove that capitalism has been exceptionally productive in the past and, given a reasonable chance, would probably be able to equal if not exceed this productivity in the future.

Why then is it doomed? Mechanization of progress is the devil. The entrepreneurial function which is to reform and revolutionize the pattern of production by exploiting inventions and by similar activities is becoming depersonalized and automatized. The economic basis of the industrial bourgeoisie is being destroyed by capitalist evolution. Added to this is the fact that the bourgeoisie is ill-equipped for politics, domestic or international; unemployed intellectuals fan the flames of discontent, further accentuating the

inherent stresses; and the cornerstone of the bourgeois world is decomposing—the family is no longer the fulcrum of life. Schumpeter adduces additional arguments to prove that capitalism is doomed. Before completing this part of his argument he has the grace to recognize that "In the end there is not so much difference as one might think between saying that the decay of Capitalism is due to its success and saying that it is due to its failure."

"Can Socialism work? Of course it can." Schumpeter says that the assumptions underlying this conclusion are, first, that the requisite stage of industrial development must have been reached and, second, that the transitional problems must be resolvable. Since socialism means to Schumpeter more or less what it meant to Marx—centralized control over the means of production—he insists that considerations of "time" are crucial. As long as substantial sectors of the economy have not been brought under single management in capitalist society, the situation remains "unripe" for socialism. For how will the new society operate the whole, if the whole is still subdivided into autonomous parts? For some inexplicable reason Schumpeter fails to see the moral of the war economy, or perhaps he saw it so clearly that he shunned it. The job can be done. The sole question is whether it can be done well enough to warrant the cost. And Soviet Russia, at a price, was also able to move the clock ahead.

Schumpeter realizes that the assessment of a socialist society should be based less on calculations about minor differentials in economic efficiency—what matter if the national income under socialism be five per cent above or below what it would be in a presocialist society? The key issue will be the quality of the bureaucratic apparatus required to operate the socialist system. In other terms, what will be the basis of motivation under socialism? How will discipline be obtained and maintained? Among the more interesting of Schumpeter's paradoxes is his contention that "Socialism might be the only means of restoring social discipline."

Concerning the relations of socialism to democracy, Schumpeter argues that the problem is really indeterminate. One can have an autocratic socialism, a theocratic socialism, a democratic socialism. He believes, and in this he is doubtless right, that the economic problem of socialism should never be discussed without reference to the given state of the social environment and to the historical situation.

After arguing against the classical doctrine of democracy, which he defines as the common good emerging from the expressed will of the people, Schumpeter puts forward his alternative theory that the essence of democracy is in the democratic selection of a government by the people—in short, the problem of leadership. Although socialism need not be democratic, it may be if it fulfills certain conditions: politics must rank high in the cultural scale of values, so that the able are willing to compete (England); the effective range of political decisions must not be extended too far; a well-trained bureaucracy is a prerequisite; the public must be able to exercise "democratic self-control." Socialist society will lack the automatic restraints imposed upon the political sphere by the bourgeois scheme of things.

All this is true. The problems of democratic socialism should not be minimized. Neither should they be exaggerated. If a people be politically mature, the problem of altering controls over production should not prove insoluble; and if they are not mature, the question is almost irrelevant. Nowhere is current confusion better illustrated than in the respective attitudes of the United States and Soviet Russia towards the Balkans. When we talk of democracy in Roumania, the Russians consider us hypocrites, for they know that the co-existence of great poverty and great wealth makes it impossible for democracy to flourish. Soviet Russia wants to narrow these economic differences, but we see little point in supporting a program which is being put into effect by expropriation, deportation, and death.

Schumpeter concludes his book with an analysis of the most important socialist parties (German, French, Russian, British), in which he emphasizes how they have tried to live within the structure of the Marxian system and at the same time remain alive and grow politically. There are many unorthodox theses in this section—a defense of Wilhelm II, a positive evaluation of Czardom, a strong vote of approval of Ramsay MacDonald, support for the Weimar Socialists, and many more. As he himself states, the section, if sketchy, is alive. But the real question is not whether it is alive, but whether and to what extent the prejudices expressed herein are valid. If his aim is to make the reader think—and that is his aim—he has succeeded. But it is just possible that the reader may come away with a clearer perception of the values of the author than of the issues. For the question must be raised whether the central question of our age—the relations of East to West—should be treated in a cavalier fashion. It is easy for a professor on the bank of the Charles to end his book with a call to arms. But it is surely fortunate that the Secretary of State is a former Chief of Staff, not an ex-professor. When General Marshall visited Columbia University some months ago to receive an honorary degree for his great contributions during the war, he emphasized that the victory which he led could be made secure only by men in and out of universities finding the bases for a mature understanding with other peoples. Only men who have lost faith, or who have never had faith, seek solutions by arms.

Now at the end it is fitting to return to the beginning and inquire about the leitmotif of this book, about the principles that guided Schumpeter in writing it. He states in the Preface that he planned to weld into readable form about forty years' thought, observation, and research on the subject of socialism. He further states that the subject of socialism has never occupied the center of his research interest for any length of time. So far, so good—a man has a right to a secondary interest, even to a hobby, and he surely has the right to put his thoughts on paper.

But he tells us more. His is not a political book. He does not wish to advocate anything. Is it not reasonable to elaborate inferences from observable facts without arriving at practical recommendations? We always plan too much and think too little. "I did want to make the reader think."

Here is a creed. One need not search for it. All who read can find it in the first pages of this book. Is it not a good creed? Surely it is good for readers

to think. Surely not every man must be a planner. Surely searching the meaning of history is a worthwhile undertaking, especially in a tumultuous period like the present. Surely not every man need be a politician.

Every teacher since the days of Socrates should know, if he is worth the pittance the authorities pay him, that he must sometimes obscure what he thinks and feels in order to develop fully the logic of an argument. Pupils, like other people, are intellectually lazy. They prefer to fit the new into their pre-existing scheme of values—or to exclude the new therefrom. In short, they want to approve or disapprove, to admire or disdain what is before them, rather than to consider it carefully and reach a balanced judgment. The probing question that elicits an answer that is immediately transformed into a further question is an important part of teaching, a most important part, but not the whole. Jesus, the greatest of teachers, made no use of it.

If the Socratic method requires supplementation in the classroom, how much more does it require supplementation when use is made of the written word. As the old philosophers knew, man is by nature a political animal, and even a Harvard professor is no exception, no matter what his pretensions may be. Why should he pretend? What has happened to economics that would encourage him to claim that what he has to say about contemporary events is free from politics? Something must have gone awry in the admiration for the objective, in the worship of science for science's sake.

There is a wide realm in which valid data carefully collected and competently analyzed, by narrowing the areas of uncertainty, can make a real contribution to thought and action. No one will cavil against such research. But this is a different book. This is a book dealing with social values, important values, affecting the relations of man to man, man to the state, states to each other.

There are no more important questions nor more difficult ones. There is much evidence, and much of it is contradictory. Moreover, important segments are not available. To rise above the details is a challenge that cannot easily be met. There is one way, only one way, in which a man may succeed. Faith, hope, and charity might help him to accomplish what he can never do by intellect alone. Nor is this surprising.

Although we cannot live without relying to an ever-increasing degree on the use of trained intelligence, we are doomed if we rely on it exclusively. Schumpeter knows all this, for he has lived for many years in the shadow of the Catholic Church, German nationalism, and Marxian socialism. Unable to make any of these faiths his own, he has denied all faith, except a faith in rational thought.

This is the weakness of the book. It mars every page. But how much weaker are most of his colleagues, who do not write such books, for if their faith does not fail them, their intelligence does. In a world like this, we must be grateful for the tithes of the intelligence.

ELI GINZBERG*

*Associate Professor of Economics, Columbia University; author of *The House of Adam Smith*. His book *The Labor Leader* will be published in the winter, 1948.

Labor Problems. By W. V. Owen. New York: The Ronald Press Company, 1946. 570 pp.

Professor Owen says in the Preface: "It is the purpose of this book to offer those materials which, in the opinion of the author, will give the student a thorough survey of the principles and problems of labor economics without imposing upon him the obligation to memorize an endless collection of ever-changing facts." The book is built around the concept of the labor market. Following an introductory part, seven chapters are devoted to the labor market in operation, covering the supply of and the demand for labor, wages, hours, working conditions, and the mobility of labor. Part III is devoted to a study of the control of the labor market by unions, employers, and the government. The last section, entitled "Security in the Labor Market," discusses industrial peace, unemployment, poor relief, public works, economic stabilization, and social security.

His development of a central theme—the labor market—permits integration of his subject and its systematic treatment; it is an interesting approach and one which is likely to be popular with teachers who wish to avoid the more descriptive texts. In his discussion of controversial subjects, the author is always careful to list pros and cons. Complicated points are outlined and chapter summaries are clear and succinct.

On the whole, however, it is this reviewer's opinion that the book will need considerable revision before it will satisfy the need for a text in the field of labor problems. While the major parts of the book are logically arranged, within the parts and within individual chapters it is often difficult to discern a logical pattern. There are too many digressions and irrelevancies; often, an interesting discussion is begun, only to be dropped abruptly, because the author has decided to shift his attention elsewhere. Thus, in a chapter entitled "Labor and the Economic System," we find the following subjects treated in order: labor and prices, labor the weakest link, the marginal employer and labor, the economic effects of trade unions, the elasticity of demand, the law of proportionality, property rights and labor, the shifting of taxes, and goodwill.

While the author makes many interesting points and uses much material not ordinarily found in a labor problems text, he frequently fails to introduce the material adequately. Often, he presupposes a considerable knowledge of the subject on the part of the student—knowledge which too few students are likely to have.

Furthermore, the book is marred by a considerable number of errors, typographical and other, which detract from its usefulness. Thus, the Dill-Crosser Act is in at least three places referred to as the Dill-Prosser Act; the Railway Labor Board is described as having originated in the Transportation Act of 1920; horizontal unions are described (page 214) as being comparable to industrial unions; *Curran v. Galen* is called *Curran v. Gallen*. We also find the Molly Maguires called the Molly McGuires. In the discussion of *Muller v. Oregon,* the author says (page 301): "The court took special pains to cite social studies..." This seems curious in view of the fact that the "social studies"

were all contained in the Brandeis brief, to which the court referred, but certainly not at length. A reading of the text (page 301) leads to the belief that *Holden v. Hardy* followed *Lochner v. New York*, rather than *vice versa*. It is also surprising to find the statement (page 305) that the *Parrish* case was "considered by the Supreme Court in making its decision in the *Washington* case," when the *Parrish* case was the *Washington* case.

Of far greater significance are the omissions. There is substantially no discussion of the internal affairs of unions (e.g., government, finances) or of union activities in education, housing, sickness and accident insurance, retirement and death benefits. Nor do we find any treatment of the actual course of labor disputes. Very little space is given to personnel administration, though there is a whole chapter on scientific management (which, incidentally, makes no mention of leaders other, and more recent, than Taylor, Halsey, Rowan, and Gantt). The subject of picketing is treated in two sentences; no mention whatever is made of the large, and extremely important, case literature of the past decade. The term "boycott" does not even appear in the index. In the discussion of the Sherman Act, no mention is made of the *Bedford, Brims,* or *Allen-Bradley* cases.

It is regrettable, too, that many of the important developments of the immediate past are treated scantily, if at all. The only cases mentioned in connection with the Fair Labor Standards Act are the *Belo* and the *Overnight Transportation* cases; no hint is given of portal-to-portal pay litigation; and the *Opp Cotton Mills* and the *Darby Lumber* cases are omitted entirely. Similarly, recent NLRA cases (such as the *Wallace* case) which are very important are not given. And there is no discussion of the field of discrimination and the antidiscrimination laws.

This reviewer is certainly not of the opinion that a textbook ought to be an encyclopedia on the subject; the author's announced intention of securing "broad coverage of the field within relatively short compass" is a worthy one. One may readily sympathize with the author's desire to avoid imposing upon the student "the obligation to memorize an endless collection of ever-changing facts." But there is no reason why the chapter on court decisions relating to the National Labor Relations Act should not have been brought up-to-date, or why the discussion of the status of the Child Labor Amendment and of state workmen's compensation laws should be described as of 1936 and 1933, respectively.

It is unfortunate, in this reviewer's judgment, that the author's attempt at an integration of his subject was accompanied by these shortcomings. It is to be hoped that revision of the book will permit its intrinsic merits to stand out more boldly.

EMANUEL STEIN*

* Professor of Economics, New York University; co-editor of *Labor Problems in America* and of *Labor Cases and Materials.*

Job Evaluation. By Forrest Hayden Johnson, Robert W. Boise, Jr., and Dudley Pratt. New York: John Wiley and Sons, Inc., 1946. 288 pp.

"The recent large increase in the number of industrial job-evaluation programs all over the world has created the need for a textbook to explain how such a plan functions under actual operating conditions. This book is written to satisfy that need. [The] purpose is not to specify a ready-made job-evaluation plan, but to show how a typical plan works out in practice." In this statement the authors have described their book aptly. It is largely a write-up of the job-evaluation plans (factory and clerical) used by the Boeing Aircraft Company, and a readable, realistic account of how such a plan is put into operation and administered by a large company. It carries the plan from the formulation of factors, through establishment of rates and job assignment of employees, to the creation of machinery for employee appeals. A merit-rating system is also presented. A large part of the book is taken up with reproduction of the evaluation plans and of typical job descriptions.

Because of its limited coverage, this book cannot be used by itself for any study of job evaluation. It has great value, however, as a case history and a practical guide, written primarily from the standpoint of the industrial engineer.

In common with many other works on the subject, this book reveals the need for systematic clarity of thought on the basic purposes and limitations of job evaluation. In fairness to the authors it should be said that they err rather less than others on the same subject, and only a small portion of their book is affected by the criticism which forms the burden of this review.

It is time that the same meticulous analysis that job evaluation seeks to apply to occupational alignments should be applied to the theoretical foundations of evaluation itself. This is particularly true now when a large number of applied evaluations will have to face the test of changing conditions, often under the critical pressures of organized labor. Like incentive plans, job-evaluation systems often run into trouble only after a few years of operation.

The authors acknowledge that "job-evaluation techniques are not scientific in the true sense of the term." They emphasize that there is no "true" plan: the system must be tailored to the plant. And they are commendably tolerant toward the establishment of "off-standard rates," when realistic factors like supply and demand, craft tradition, or seniority practices require departures from evaluated rates. Still, their discussion is fuzzy where it concerns the basic function of job evaluation.

It may not be of great importance to the engineer, who has the limited function of setting up and administering an evaluation plan, but it is tremendously important to management and to unions to have a clear understanding of the place of an evaluation system in the broader aspects of industrial relations.

The authors imply, although they do not plainly say, that by its systematic analysis of occupational content, an evaluation plan approximates the "true" relative value of jobs. While conceding the practical necessity of compromise

with other influences, they continue to hold as their ideal the complete and presumably permanent alignment of rates in strict accordance with a particular evaluation plan, once it has been agreed upon. This view is in error.

A job-evaluation plan provides, for the relative rating of jobs, a yardstick by which subjective and illegitimate influences may be minimized. One might say that it is an objective yardstick, except that the word "objective" implies that an evaluation plan consists of a set of statements which can be validated by reference to verifiable fact. It cannot. For this reason it is fundamentally different from any set of scientific findings. Not through any inaccuracy of measurement, but by its very nature, a system of job evaluation cannot be proven "correct" or "true" by any collection of facts.

An evaluation plan is given its initial validity only if—and because—it represents the consensus of opinion of those concerned with its formulation as to what is fair in ranking jobs according to their work content. This judgment is rendered under given circumstances of time and place. An evaluation plan then proceeds to spell out in explicit terms and with some reasonable, though arbitrary, mathematical values the elements composing this pooled judgment, for the purpose of reducing the area within which individual judgments may disagree. The end is the achievement of a maximum consistency of results.

Understood in this light, certain limits to job evaluation appear. First there are elements apart from work content which legitimately affect both the existing ranking of jobs and our judgments as to what is fair in the ranking of jobs. The authors provide an excellent example. They find that there are some jobs that pay far less than their work content would indicate because they present unusually good promotional possibilities. The authors are willing to agree to off-standard rates. Their indulgence is appreciated. But they ought to understand that they are entitled to wash themselves entirely of any sense of sin. There is no good reason why elements such as career prospects, stability of employment, and market conditions for particular skills should not legitimately be taken permanently into account together with work content. Secondly, just as evaluation plans may differ from one plant to another, just so may they be required to change over a period of time in accommodation to changing conditions. An evaluation plan that answered to a concept of fairness in 1907 might be considered unfair by all concerned in 1947.

Job evaluation has a valuable function to perform which will be better fulfilled if it does not outreach its proper limits. Once these limits are recognized, it will be understood that the broad effects, both initial and continuing, of a job-evaluation system should be held subject to the review and veto of common sense. What pooled judgment hath given, pooled judgment can take away.

ROBERT TILOVE*

* Formerly Executive Director, U.S. Steel Commission, NWLB.

Systematic Motion and Time Study. By Marvin E. Mundel. New York: Prentice-Hall, Inc., 1947. vii, 232 pp.

For many years there was a dearth of useful texts on the allied subjects of motion and time study, and almost any new publication was welcomed by a growing fraternity eager for whatever information would help them in the numerous problems that beset them. More recently there has been a fairly steady, if not voluminous, flow of books and articles, many of them excellent. By and large, these have covered the field with reasonable adequacy, so that any new book should be required to justify itself by introducing new information or by bringing a new approach to existing information.

How Mr. Mundel proposes to meet this problem is suggested by the first word of the title of his book. Quite frankly introducing little new material of consequence, he approaches the subject with the aim of tidying up and, to use an already overworked term, streamlining the existing information. He does this by a process of organization—an orderly, step-by-step attack on each phase of the subject. Commencing each section by a definition of the element to be discussed, he develops the theme by the use of extensive check lists, charts, and illustrative forms. In this respect the author does not confuse the issue by reporting on and debating alternative techniques and theories; rather, he seeks to develop the basic principles that are now emerging from the mass of data available to the student.

The first chapter outlines concisely the general functions of motion and time study and illustrates them by approximately a dozen examples of the before and after type. This is followed by a short, and not altogether relevant, chapter on the economic results of improvements in methods and their relationship to the people involved in them.

This is followed by a series of seven chapters dealing with the procedures employed in methods analysis. From a discussion of the general analytical approach, the section proceeds with a clear presentation of the several specific tools, i.e., process charts, operation charts, man and machine charts, multiman charts, and multimachine charts. The series concludes with the longest chapter in the book, in which micromotion study is considered in concise detail in terms of purposes, equipment, and techniques.

All but one of the remaining chapters deal with the subject of time study. Opening with a definition of time study, the discussion leads into a description of the purposes of time study and back into definition again, when the whole subject is related to the range of human physical capacities. This paves the way appropriately for the next three chapters, which deal with the mechanics of time study in the following sequence: recording and pinning down the method, timing the elements by stop watch, rating the degree of activity, and, finally, establishing allowances. Of these, the first two are more or less of a routine and noncontroversial nature. The latter two may provoke some disagreement. Some will be disinclined to accept the writer's conclusions on the subject of rating. This reviewer is not one of these. On the contrary, he feels that a rather difficult matter is handled well in the brief space available for it. The treatment of allowances requires a certain amount of acceptance on

faith and may be subject to adverse criticism. The allowances dealt with are of the type generally summed up in an arbitrary "fatigue allowance." Following his customary tabular method, the author attempts to break this allowance down into eight contributory elements. Most of these purport to be derived experimentally, but at least one, "percent of cycle controlled by machine," is essentially arbitrary. One may question the validity of some or may believe that others should be included. Some doubts may also arise as to the rather high allowance that may result from certain combinations of elements. The whole procedure opens up a field for experimentation and debate that is beyond the scope of this review. It would be risky to accept the figures unreservedly, although one may admire the orderly attack on a difficult phase of time study.

The section on time study concludes with a chapter on the establishment of synthetic times. It discusses briefly the functions of standard data and gives sound advice on some of the problems that will be encountered. This section is preceded, somewhat out of order, by a short discussion of, and plea for, the development of predetermined and documented company policy in connection with the application of time standards and method specifications in the incentive procedures in the shop.

The final chapter, which reopens the subject of process charts, seems more properly to belong to the forepart of the book. Although it is somewhat anticlimactic, it is quite sound and informative, dealing with the uses of process charts for product analysis directed at such things as machinery layout and planning of routing.

Apart from the argument proper, two appendices should prove valuable to the student: one presents problems and questions based on each chapter; the other is an extensive bibliography of books and articles.

Clearly and concisely written and sticking closely to theme, this book should prove exceedingly useful to the student, especially since the method of presentation is so precise and orderly. No time study man is likely to go far astray if he follows the principles outlined. Experienced practitioners would be well advised to use the book as a check-list in reviewing their own techniques and philosophy, entirely apart from whether or not they agree with the author at every point.

R. PRESGRAVE*

German Labor Courts. By Frieda Wunderlich. Chapel Hill, N. C.: The University of North Carolina Press, 1947. 252 pp.

Professor Wunderlich has traced the development of the German labor courts from their origin in Prussia in 1815 to their existence under the Hitler regime. She has shown that with the growth of a modern wage-earning class, special problems affecting labor in its relation to management inevitably arose. At first the judiciary was charged with their solution, but its bias and

*With York Knitting Mills, Ltd., Toronto, author of *The Dynamics of Time Study*.

lack of specialized knowledge inevitably led to decisions in favor of the employer. Recognition that adjustment of the labor contract required special training led to the establishment of factory courts in different parts of Germany. They "varied in composition, procedure, and jurisdiction. . . . With few exceptions they failed to meet the need."

With the founding of the Reich, the movement for unified regulation gained momentum, and by 1891 a law allowing municipalities to set up industrial courts was enacted. Ten years later establishment of these courts was made compulsory for cities of over 20,000 population. The courts were required to have equal representatives of labor and management and to exclude lawyers from membership. Courts administered both federal and state labor laws and exercised jurisdiction over disputes arising between employers and workers or between workers in a group of industries or in a single industry. The procedure evolved by these tribunals was informal, and twenty-four hours after a complaint had been made, a hearing date was set. If the court failed to bring about a voluntary agreement, evidence was heard and a majority decision enforceable by the authorities rendered. Appeals could be made to the ordinary district courts if the amount exceeded one hundred marks. The speed, low cost, and informality of these courts were of great advantage to labor.

Following World War I, the labor court system was drastically revised. The new law covered all employees and practically all types of disputes arising in the course of employment. Local and district courts were set up and a federal labor court established. Labor and industry recommended the assessors; and the chairmen, who were professional judges, were appointed by the state administration of justice. Chairmen had to possess experience in labor legislation and social problems, and experience in arbitration was preferred. District labor courts were similarly organized, except that the chairmen and vice-chairmen had to be members of the district judiciary. The federal labor court was made up of three judicial members of the federal supreme court acquainted with labor and social problems, and one each from labor and management. The courts had jurisdiction in issues involved in the labor relations, interpretation of the terms and the scope of collective agreements, and the conduct of unions toward employers and nonmembers.

It is the author's opinion that the labor courts worked satisfactorily until the advent of the Nazis and that the courts were instruments of democratic control. The Nazis approached the problem of labor relations differently. Instead of recognizing the separatist interests of labor and capital, they promulgated a doctrine of labor and capital united in the service of the nation. The trade unions were seized, their funds confiscated, and their activities entrusted to a National Socialist wheelhorse. The German Labor Front is rightfully depicted as an arm of the Nazi Party rather than as an instrument for defending labor. Although many of the external forms were retained, Dr. Wunderlich shows that the spirit of the courts underwent a basic change. The politicalization of the labor courts and the welding of labor policy to armament expansion and territorial conquest inevitably brought different issues before the courts. Moreover, the tendency towards uniformity in decision and inter-

pretation characteristic of the labor courts during the Weimar Republic was supplanted by political justice. The author concludes that the judiciary in common with other institutions in Germany failed to maintain its independence and became an arm of the Nazi war machine.

Dr. Wunderlich has assembled a mass of detailed information on German labor courts, and a painstaking reader will find his knowledge enriched by examining her work. It is to be regretted that she has not made her book more attractive by underlining the more significant aspects of the problem and by a more complete analysis of the significance of the data. Not only would that have lightened the readers' task, but it would have made a good book into a much better one.

PHILIP TAFT*

*Professor of Economics, Brown University; co-author of *History of Labor in the United States, 1896–1932.*

NEWS AND NOTES

Conference on the Training of Law Students in Labor Relations

THERE is an aphorism that teachers and practical men view one another with mingled awe and contempt. If this generality has any prevalence in the field of law, there is reason to believe that it may be on the way out. The immediate evidence is a Conference on the Training of Law Students in Labor Relations, held at the Law School, University of Michigan, June 16–26, under the auspices of the Round Table Council on Labor Law, Association of American Law Schools.

Last December at the annual meeting of the Association, Professor W. Willard Wirtz, Northwestern University, presented a paper on the teaching of labor law. His topic, suggested by Professor Alexander H. Frey, University of Pennsylvania, was "A New Prospectus for Labor Law." The Round Table Council was persuaded that a review of materials and methods in the field of labor law teaching was in order, and further that an approach to the problem by individual teachers in isolation would be inadequate. Accordingly, the Round Table Council presented a motion authorizing a conference of labor law teachers for the purpose and on the term suggested and providing for participation by the various interests in the field. The Association adopted the resolution.

The Council worked out a tentative agenda on the basis of which the Carnegie Corporation of New York made a grant of funds sufficient to finance the program. The main topics were arranged to present a general orientation, the pedagogical approaches to law teaching (and labor law teaching, particularly), and material on the lawyer's function in relation to specific problems considered essential to labor law training. An outline of the final program and speakers' list indicates the scope of the Conference and the balance of viewpoint.

The topics considered were the following: the functions and purposes of law in the field of labor relations in a free enterprise society, the teaching of labor law—basic approaches, the lawyer's function in the facilitation of collective bargaining, the lawyer's function in respect to the processes of collective bargaining, the lawyer's function in respect to the operation and administration of the collective agreement, the lawyer's function upon the breakdown or deadlock in collective bargaining, the lawyer's function in respect to inter- and intra-union problems, the lawyer's function in respect to the status

of the individual worker, and special reports on experimental methods of teaching.

Among the speakers and discussants were the following: Professor George W. Taylor, William H. Davis, L. M. Buckingham, Jesse Gallagher, Robert G. Howlett, Ernest Goodman, Herbert S. Thatcher, Professor Colston Warne, Morton Furay, Professor Archibald Cox, Professor Carroll Daugherty, Professor Lon Fuller, Professor Alexander H. Frey, Professor Nathan Feinsinger, Judge J. Warren Madden, Lambert Miller, M. S. Ryder, Frank Donner, Lewis Gill, Leland Hazard, David Previant, William E. Simkin, Professor Harry Shulman, W. Ellison Chalmers, Ludwig Teller, Professor Edwin E. Witte, Stephen F. Dunn, Frank Fenton, Professor Frank C. Pierson, Harry Read, Professor Charles O. Gregory, Murray Latimer, Irving Levy, Professor Robert Burns, Professor Jean McKelvey, Professor Arthur Lenhoff, and Professor Paul Hays.

An emphasis on teaching methods, the selection of subject matter, and the discovery and handling of materials were pointed up in six discussion periods on the teaching applications of the presentations on each day of the conference.

Now is not the time to assay the value of the program. But it had unique features which promise usefulness. Thirty-three law schools were represented, among them most of the leading schools in the country. The conferees included half or more of the law teachers now offering labor law courses. So far as I can ascertain, never before have a majority of all the law teachers in a particular field sat down with top practitioners to evaluate the whole field in terms of materials, methods, and teaching results.

JACK G. DAY
Executive Secretary

Cleveland, Ohio

Plans for an Industrial Relations Center at the University of Wisconsin

IN APRIL our Board of Regents adopted a resolution providing for a Coordinating and Planning Committee on Industrial Relations. This resolution read as follows:

> 1. That the Coordinating and Planning Committee undertake as its first task the preparation of a single document for publication, setting forth in its entirety the University's current program of teaching and research in the field of industrial relations.
>
> 2. That the Coordinating and Planning Committee, after consultation with the various schools and departments concerned, prepare proposals for correlation and integration of existing instruction and research, with suggestions for improvement and expansion of the present program.
>
> 3. That pending the results of the over-all study referred to in the

principal recommendation above, instruction to workers' groups be extended, under the general supervision of the Director of the Extension Division, throughout the State, to meet present and developing demands. It is anticipated that the Faculty Advisory Committee of the School for Workers will continue to advise the Director of the Extension Division.

4. That pending further possible developments, such as the formation of an Industrial Relations Institute, the Coordinating and Planning Committee be provided with the services of an Executive Secretary, with faculty status, and the Committee be authorized to seek a qualified person for the position. The Coordinating and Planning Committee should be requested to make recommendations as to the duties and functions of the Secretary and his position within the organization of the University.

Pursuant to the resolution, the President appointed the committee provided for, constituted of a representative of each of the major departments in the University which are now offering work in the field of industrial relations. As all of us have heavy teaching and other responsibilities, it has not been possible for the Committee to complete the plans for an industrial relations center. We still hope, however, to get such a center set up by the Fall. As a first step, the Regents, at a meeting last week, approved the appointment of Robben W. Fleming, now Labor Specialist with the U. S. Housing Authority, as the Executive Secretary of our committee. Mr. Fleming took on his new duties July 1.

The University of Wisconsin is the pioneer in this country in workers' education, having had such a program continuously since 1927. It is also the University in which university courses in labor were first given and probably is still the institution which has the largest number of such courses and the largest number of students in these courses. Our work, however, by this time has become scattered throughout many departments of the University and is not co-ordinated. It is our hope that through an industrial relations center we can co-ordinate and improve both our campus and off-campus instruction. We also hope that the center will enable us to do more and better research work than has been possible in recent years under conditions of class enrollments larger than we can properly handle.

EDWIN E. WITTE

University of Wisconsin

University of Illinois

Institute of Labor and Industrial Relations

THE Institute of Labor and Industrial Relations at the University of Illinois was authorized by the Illinois Legislature in 1945. The University had been considering the establishment of such an agency for several years, and the University administration recommended to the Legislature the creation of

a specialized institute of labor and industrial relations rather than a "Labor College" as proposed by some groups. The Board of Trustees on March 9, 1946, formally adopted a broad charter for the Institute. It opened offices September 3, 1946.

The Board of Trustees defined the purposes and functions of the Institute rather precisely. As to purposes, the Board said:

> The Institute of Labor Relations shall be an administrative agency of the University responsible for fostering, establishing, and correlating resident instruction, research, and extension work on labor relations.
>
> The three main phases of the Institute's program shall involve research, instruction by extension, and instruction on the campus. It is contemplated that the Institute after its organization will first develop and enlarge programs of research and extension, and secondly promote new courses and curricula of instruction at the University.

At Illinois, the Institute is known as a "horizontal" educational agency. The organization and staff are intended to correlate and supplement existing faculty and service resources rather than to create a new academic entity. The structure of the Institute as a horizontal agency suggests that it was intended to be a service agency to labor and management and to the people of the State by accelerating co-operative relations on the campus.

That intent was further evidenced by the action of the Board of Trustees in designating for the Institute two advisory committees: (1) the Faculty Council, which includes members from several University divisions and departments; (2) the Advisory Committee, which includes fifteen members—five each from industry, labor, and the public; its members are appointed by the Board of Trustees, from the ranks of those actively engaged in industrial management, union administration, and civic affairs.

The Institute has three major responsibilities: (1) undergraduate and professional training; (2) extension services for civic, labor, and management groups in co-operation with the Division of University Extension; (3) research and information. The on-campus training program will emphasize graduate instruction leading to the M.A. and Ph.D. degrees through the Graduate School of the University.

The program is designed to equip graduates for careers in government agencies, industrial organizations, and labor unions, as well as in research, teaching, and consulting work. Many lectures and field trips are being organized as part of the instructional program, and plans for interneships in labor and management organizations are under way.

Research was designated by the Board of Trustees as one of the Institute's major objectives. A research program, now in the process of development, will include a wide variety of individual projects both of a long range and of a service character. The research staff of the Institute includes the teaching faculty and a number of research associates and assistants, most of whom have had practical experience in labor, management, or government employment. Graduate students will be given an opportunity to work under supervision on selected research projects relating to their special interests.

The Institute's extension program is developing along several major lines. During 1946–1947 four extension classes in downstate communities, and one seminar in human relations on the University campus in Chicago, were conducted. In addition, a Conference of Labor Journal Editors, an in-service training program for the Illinois State Conciliation Service, and two one-week Institutes for the United Steelworkers of America were organized. The Institute also has developed three correspondence courses: History of the Labor Movement in the United States, Labor Legislation, and Labor Economics. The Institute's entire extension program is administered through the Division of University Extension as an integral part of the over-all extension activities of the University.

The Library of the University of Illinois already possesses one of the best collections of materials in labor and industrial relations in the United States. There are at present approximately 15,000 fully catalogued books, pamphlets, and government documents in the field of labor. In addition, a collection of over 250 labor periodicals and newspapers is currently available. An equally extensive collection of similar materials in the field of commerce and industry is also to be found in the University Library. The Institute will have a small working library in its own offices. The Institute librarian also conducts an Information Service. A monthly *Bulletin* published by the Institute deals with particular topics of general interest to those concerned with contemporary aspects of labor-management relations. Special *Bulletins* will be published from time to time.

PHILLIPS BRADLEY*

University of Minnesota Conference on Research and Training in Industrial Relations

ON MAY 22 and 23, 1947, the Industrial Relations Center of the University of Minnesota conducted the Third Annual Conference on Research and Training in Industrial Relations. The University had the co-operation of the Labor Market Research Committee of the Social Science Research Council. Among those who participated in the conference were Professor E. Wight Bakke, Yale University; Professor Paul Dodd, University of California; Professor Frederick Harbison, University of Chicago; Professor Sumner H. Slichter, Harvard University; Professor Lloyd Reynolds, Yale University; Professor John Dunlop, Harvard University; Professor Richard Lester, Princeton University; Professor Charles Myers, Massachusetts Institute of Technology; Professor Dale Yoder, University of Minnesota; Miss Helen Baker, Princeton University; Professor Clark Kerr, University of California; Professor Douglas McGregor, Massachusetts Institute of Technology; Professor William F.

*Director, Institute of Labor and Industrial Relations, University of Illinois.

Whyte, University of Chicago; Dr. Paul Webbink, Social Science Research Council; Dr. Philip M. Hauser, U. S. Department of Commerce, Bureau of the Census; Dr. Ewan Clague, U. S. Department of Labor, Bureau of Labor Statistics; Miss Gladys Palmer, University of Pennsylvania; Professor John Riegel, University of Michigan; Professor Carroll L. Shartle, Ohio State University; Professor J. Douglas Brown, Princeton University; Professor Robert D. Gray, California Institute of Technology; Professor William S. Hopkins, University of Washington; Professor Phillips Bradley, University of Illinois; and Professor Donald G. Paterson, University of Minnesota.

The Industrial Relations Center has recently published the proceedings of the Second Conference on Training and Research in Industrial Relations, which was held on May 9 and 10, 1946.

American Management Association Conference on Industrial and Social Change Affecting Business Policy

THE American Management Association held a two-day conference June 11 and 12 in New York at which top industrial executives considered general management problems arising from industrial and social change affecting the character of the nation's economic system and business leadership.

The conference examined the necessity for stability in wages, prices, employment, and profits as it affects management policy and administration in the fields of advancing technology, operating procedures and costs, labor relations, government-business relations, distribution, public relations, and other aspects of current business problems.

John M. Hancock, partner, Lehman Brothers, New York, and assistant to Bernard Baruch, U. S. representative on the United Nations Atomic Energy Commission, led a session on problems in the management of atomic energy; and John A. Stephens, U. S. Steel Corporation, vice-president in charge of industrial relations, discussed the significance of the new two-year agreement between the United Steelworkers, C.I.O., and the steel company.

Others who spoke or led sessions included H. E. Nourse, vice-president, United Airlines, Chicago; Walter Mitchell, Jr., vice-president, Irving Trust Company, New York; and Lawrence A. Appley, vice-president, Montgomery Ward & Company, Chicago.

As a prelude to group discussions by representatives of all types of businesses and industries, AMA's seven vice-presidents summarized the impact of changing economic and social conditions on financial policy, office organization, production policies and techniques, personnel management, marketing and distribution, packaging and merchandising, and insurance buying and administration.

State University of Iowa Summer Management Course

FROM JUNE 9 to 17, 1947, the University conducted a management course devoted to production planning, job evaluation, motion and time study, wage incentives, and related subjects. The course was offered to plant managers, foremen, industrial engineers, methods and time-study analysts, cost accountants, and office executives. The teaching staff, visiting lecturers, and forum leaders included Ralph M. Barnes, Leland F. Youde, Louis M. Kuh, Donald S. Correll, Lee W. Cochran, W. L. Daykin, Harold Engstrom, Ralph H. Landes, J. K. Louden, Paul K. Povlsen, Lester Thonssen, H. G. Thuesen, Thomas R. Turnbull, and Charles A. Woodley.

Louisiana State University Personnel Conference

ON MAY 17 approximately 200 persons attended the Louisiana Personnel Conference at the Louisiana State University. Among those who participated were Professor T. Hillard Cox, Professor J. Denson Smith, and Major Charles T. Estes, U. S. Conciliation Service.

Stanford University Business Conference

ON JULY 14–18 the Graduate School of Business of Stanford University conducted The Sixth Stanford Business Conference. Seven of the sessions were devoted to topics concerned with industrial relations. Among those who participated were Professor Sumner H. Slichter, Harvard University; Professor E. Wight Bakke, Yale University; and John F. Shelley, President of the San Francisco Labor Council, AFL.

Seattle Labor-Management Conference at the University of Washington

IN the early spring of 1947, Mayor William F. Devin of Seattle entered into discussions with a number of leaders of labor and management in the community, with the proposal that Seattle consider the desirability of adopting a suitable variation of the "Toledo Plan." At his request a small group went to work in an attempt to draft a suitable "charter" for a Seattle Labor-Management Committee. In order to provide an opportunity for community discussion

of the plan, and to provide the Mayor's Committee with the guidance resulting from such discussion, the University held a conference to consider the subject on June 19, 1947, on the University Campus.

Catholic University of America

DURING the Summer Session a series of lectures were conducted at the University dealing with the subject of labor relations. The specific purpose of these lectures was to acquaint the students of the Summer Session with the modern trend of thought and the most recent developments in the field of labor-management relations. Special stress was placed upon the relationship of labor and management in the light of Catholic social principles. To insure a balanced program these lectures were given by prominent representatives of the Church, of the government, of management, and of the leading labor organizations. The lectures were held every Wednesday evening. The topics were: The Place of the Government in Labor-Management Relations, An Employer's Viewpoint on Labor-Management Relations, The American Federation of Labor and Labor-Management Relations, The C.I.O. Views Labor-Management Relations, Labor Relations in the Light of Encyclical Teaching, and A Common Sense Approach to Industrial Disputes.

Gustav Peck, labor consultant in the Library of Congress, is conducting a course in labor relations in the Graduate School of Social Science. Dr. Peck is the author of a recent congressional report, *Communism in Action*. George E. Bigge, a member of the Social Security Board, recently returned from Germany where he served with the American Military Government, is offering a course in social security in the Graduate School of Social Science. Jacob Perlman of the Social Security Board is giving a course, during the current academic year, in advanced statistics in the Graduate School of Social Science.

Institute of Labor Economics at the University of Washington

THE Institute held a conference June 19, 1947, at which the principal subject of discussion was "The Solution of Labor-Management Problems in the Seattle Area." Guest speakers included Professor J. B. Gillingham, Wayne University, and Professor Clark Kerr, University of California.

In May, 1947, the following appointments were made to augment the staff of the Institute of Labor Economics at the University of Washington: Philip W. Cartwright, Acting Assistant Professor of Labor Economics and Assistant Director (Research); and John P. Herring, Research Associate and Statistician.

Harvard Business Review

IN RESPONSE to demand for its services, the *Harvard Business Review* will soon be published six times a year rather than quarterly as at present. Beginning with the January, 1948, issue, bimonthly issues will come out in January, March, May, July, September, and November. Subscription rates will be raised from $5 to $6. The size of issues will be maintained as at present. Edward C. Bursk is Editor.

The Challenge of Industrial Relations

By SUMNER H. SLICHTER
Lamont University Professor at Harvard

Professor Slichter addresses himself squarely to the fundamental questions that the community must decide in order to construct a labor policy which meets the problems created by the rise of unions. Among these basic issues are the relation of trade unions to the standard of living, the effect of trade unions on industrial management, democracy in trade unions, and the problem of controlling the power of trade unions.

This timely book provides a forthright analysis of basic issues created by the rise of the labor movement. Professor Slichter lays the foundation for a more realistic approach to the study of trade unions; his purpose being "to define and open issues rather than to reach definitive conclusions."

Contents. *The Labor Movement, Its Rise and Its Present Status—The Effect of Trade Unions on the Management of Business Enterprises—The Economic Consequences of the Wage Policies of Unions—The Problem of Industrial Peace—Trade Unions and the Public Interest.*

"This is the work in which common sense is a conspicuous quality representing the authors' comprehensive and unbiased thinking on a complex subject."—*The Cleveland Press*

202 pages, $2.50

Cornell University Press

ITHACA, NEW YORK